

FINANCIAL TIMES

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D 8523 B

Peking turmoil
trickles down to the
factory floor, Page 3

World news Business summary

Opponents concede victory

Opposition parties in the Philippines have conceded defeat in Monday's plebiscite for a new constitution, confirming Mrs Corason Aquino as president for six years.

Trends showed an overwhelming vote of confidence in Mrs Aquino soon after counting began. The trend continued yesterday with 87 per cent of the 45 per cent of votes counted so far in favour of the new charter.

Observers believe the vote will boost the 11-month-old government, which came under attack from both left and right before the vote.

US conducts N-test
The US conducted its first nuclear test of 1987. The Soviet newspaper Pravda said the 20-kiloton test was a challenge to world opinion but did not indicate how the Kremlin would respond. Page 2

Marines deployed
The US Government ordered a second Marine amphibious force out of port in Spain, bringing to about 3,800 the number of US Marines now at sea in the Mediterranean, defence officials said.

Soviet arrest
Yury Churbinov, son-in-law of former Soviet leader Leonid Brezhnev, has been arrested and is under investigation on charges of corruption, a Soviet official said.

French strike call
French teachers' unions called for a nationwide strike to protest against new laws which reinforce the powers of heads of primary schools.

Chinese chief moved
Zhu Houze, Chinese Communist Party propaganda chief, was "moved to another post", ending three weeks of speculation after the sudden removal of party chief Hu Yaobang.

Heysel riot charge
A police officer who directed security operations at Brussels' Heysel stadium on the night of the 1985 European Cup final soccer riots in which 39 people died became the third Belgian official to be charged with involuntary homicide.

Libyan death toll
Chad said that 1,157 Libyan soldiers had been killed since its troops launched an offensive a month ago aimed at recapturing the northern part of the country.

Policemen held
Three black South African special police constables were detained after shooting dead four people and wounding four others in an Eastern Cape township, police said.

Peace envoy killing
The Soviet Union denounced the killing of an official carrying out Afghanistan's national reconciliation programme as an attempt to derail the Kabul Government's efforts to restore peace.

Getting into line
The European Commission launched plans to standardise mobile telephones in its 12 member states by 1991. Page 2

Anti-Aids plan
The European Community announced plans to set up a joint anti-Aids campaign with African countries hit by the disease.

Wages of sin
Down-and-out alcoholic Thomas O'Donnell stole a £250,000 bust from St Margaret's Church in the City of London and sold it for £250 to buy drink. It was the third treasure he had stolen from London churches. He was jailed for four years.

Siemens worried over \$, economy

SIEMENS, West German electrical and electronics group, reported flat first-quarter earnings and expressed concern about the weakening state of the economy and the effects on sales of the dollar's sharp fall. Page 17

PEPSICO, world's second biggest soft-drink company after Coca-Cola, has reported strong earnings growth thanks to acquisitions of restaurant and soft-drink companies and higher volumes in existing businesses. Page 17

VIA, West German energy, aluminium and chemicals group in which 40 per cent of the shares were privatised last June, plans to make capital investments of about DM 4bn (\$2.2bn) over the next five years. Page 17

SUGAR
The London daily raw price fell \$5.50 to \$179.50 a tonne. It is now \$15.50 below the eight-month peak which it reached last week amid concern over Brazilian supply problems. Traders resist Brazil's plan. Page 25

LONDON shares rallied after a lower start but eased back towards the close on a mixed Wall Street trend, an uncertain UK gilt sector and a bearish opinion poll. The FT-SE 100 index finished 4.2 lower at 1,638.5 and the FT Ordinary was down 5.4 at 1,498.5. Gilt ended little changed. Page 38

TOKYO: profit-taking pressure triggered a decline in shares over high prices drove shares lower, taking the Nikkei average down 115.78 to 19,958.33. Page 38

WALL STREET: The Dow Jones industrial average closed down 10.97 at 2,168.45. Page 38

GOLD fell \$2.75 to \$401.25 on the London bullion market. In Zurich it rose to \$401.85 (\$400.25). In New York the April Comex settlement was \$401.20. Page 29

DOLLAR closed in New York at DM 1.7990; SF 1.5190; FF 6.9050; Y132.40. It fell in London to DM 1.7975 (DM 1.8075); FF 6.9025 (FF 6.9275); SF 1.5175 (SF 1.5250), and to Y132.4 (Y132.55). On Bank of England figures the dollar's exchange rate index fell to 103.0 from 103.8. Page 29

STERLING closed in New York at \$1.5285. It rose in London to \$1.5280 (\$1.5240) and Y232.75 (Y232.50). It fell to DM 2.7475 (DM 2.7550); FF 6.9125 (FF 6.9180); and SF 2.3175 (SF 2.3250). The pound's exchange rate index fell 0.1 to 88.3. Page 29

DIAMOND Shamrock, US energy group, lost \$42.2m in its fourth quarter compared with a profit of \$47.8m a year earlier. Full year loss was \$115.9m against a loss in 1985 of \$804.7m.

ELECTROLUX, of Sweden, world's leading household appliances group, reported flat profits for 1986 despite a 37 per cent increase in turnover and the lower dollar, tougher competition and higher restructuring costs. Page 17

MISSION Insurance, struggling California insurance company controlled by Carl Lindner's American Financial, is likely to be liquidated in the next few weeks following a court request filed on Monday by the California State Insurance Commissioner. Page 17

FRANCE's post office returned to profit last year for the first time in 20 years. Page 17

Thatcher denies involvement in raid on BBC

BY PETER RIDDELL AND JOHN HUNT IN LONDON

THE British Government yesterday denied angrily with the opposition during an emergency House of Commons debate on the Zircon spy satellite affair. Ministers noisily defended the police's use of a wide-ranging search warrant in its unprecedented weekend raid on the British Broadcasting Corporation's Scottish headquarters.

Mrs Margaret Thatcher, the Prime Minister, denied she had ordered the seizure of sensitive material from the BBC, saying it was a matter for police and the courts.

"This was clearly a criminal case under the Official Secrets Act," Mrs Thatcher said of the seizure of material for a six-part television series

on intelligence and other secret activity in Britain. "The day the Government could direct the police, on that day the rule of law would die, and freedom with it."

The Government won the debate by 351-200 and ministers appeared confident the result would vindicate official actions. There were rumours at Westminster last night among Conservative MPs that the search had identified a possible source of the leak of the intelligence and communications material.

Mr Douglas Hurd, the Home Secretary, defended the seizure of material relating not only to the Zircon

"Mrs Thatcher's Government was attacked in Parliament over the BBC raid. Mr Gerald Kaufman, Labour home affairs spokesman, said: "From the beginning this

programme but also to the five other programmes in the Secret Society series. He said the material for the series was so interwoven that it was not possible to disentangle one kind of material from another.

However, the police would return material not relating to possible breaches of the Official Secrets Act. According to Mr Neil Kinnock, leader of the Labour Party, the po-

lice operation against the BBC was designed to save the Prime Minister's face rather than safeguard national security. The Prime Minister angrily denied any involvement and once again played the patriotic card by claiming that Mr Kinnock and his party were adopting their usual tactics of attacking the police.

All this sound and fury was in marked contrast with the way the

courty and soft-spoken Attorney General, Sir Michael Havers, the Government's chief law officer, had conducted himself.

Labour's Kevin McNamara described how the Attorney General had lunched at the Garrick Club, a bastion of the British establishment, with none other than Duncan Campbell, the investigative journalist who wrote the script of the television programme on the spy satellite and published an account of it in the left-wing New Statesman magazine.

Mr Robin Cook, Labour's trade spokesman who has taken a leading role in attacks on the Govern-

ment over this affair, later quoted an excerpt from the Attorney General's letter in which he told Campbell: "Looking forward to seeing you on Thursday, Yours Ever, Michael."

Quoting learned passages from Erskine May, the venerable guide to British parliamentary procedure, he demanded that the correspondence should be published in full.

Mr Gerald Kaufman, opposition spokesman on Home Affairs, was unleashed in the emergency debate. Performing a bloodthirsty hatchet job on the Government, he saw the hallmark of the Prime Minister on the whole affair - "bungling inefficiency coupled with arrogant authoritarianism."

London bids to become leading international share trading centre

BY ALEXANDER NICOLL IN LONDON

THE Stock Exchange in London will shortly unveil ambitious plans to become the world's leading centre for the fast-growing market in internationally traded shares.

It aims to develop a new trading system on which as many as 200 market making firms all over the world will eventually be able to display prices for perhaps 1,500 non-UK equities.

London is already an important participant in the cross-border market in shares. Its turnover in continental European shares has increased dramatically amid the new competitive environment which has prevailed since the Big Bang deregulation of financial markets which took place on October 27 - 100 days ago.

The aim, however, is to draw even greater business to London by providing an efficient trading system and a liquid market. International equity trading is currently dogged by inefficient processing of trades, and its liquidity in individual stocks is not reliable.

The plans will attempt to bring a degree of order to what is now essentially an unregulated market, in which trades often take place on the telephone without any centralised reporting of what has been dealt. The new system will be designed to meet requirements for trade reporting which will apply in

London when Britain's Financial Services Act takes full effect.

The plans underline the new influence wielded by foreign securities houses within the London exchange, which was renamed the International Stock Exchange on its merger late last year with Ixco, a grouping of firms active in international markets.

Representatives of foreign houses have since occupied senior positions within the exchange. They are keen to develop a liquid market in non-UK shares as part of their own drive to expand their international operations, which have hitherto concentrated on bonds and loans, into the equity markets.

Reflecting this thrust, the Stock Exchange council - which now includes domestic and international representatives on an equal footing - has given a broad brief to a Foreign Equity Market Committee, headed by Mr Alan Nash, of the London arm of Paine, Webber, the US broking firm.

Charged with establishing London as the world's foremost market for international equities and equity-related instruments, the committee will also review the technological aspects of the system which will be the ability of market makers outside London to contribute prices. This is likely to be unpopular with continental stock exchanges which already resent

Continued on Page 16

Key US indicators increase sharply

By Lionel Barber in Washington

THE leading US economic indicators - a key pointer to the strength of the economy - rose sharply in December, showing a 2.1 per cent rise, the largest monthly increase for four years, according to Commerce Department figures released yesterday.

Mr Malcolm Baldrige, the Commerce Secretary, welcomed the December gain which he said, "should ease fears of a slowdown in economic growth." Mr Baldrige added that increase in the index over the last six months showed that "the economy is on track towards this year's goal of 3.2 per cent growth."

The December rise in the leading indicators is the fourth consecutive monthly gain and follows a good 0.9 per cent increase in November, although this was revised down yesterday from an original report of a 1.2 per cent rise.

On Monday, Mr Paul Volcker, the Federal Reserve Board chairman, told Congress that the US should be prepared to accept slower growth and a temporary rise in the unemployment rate as part of efforts to cut the federal budget deficit. He indicated that he expected the rate of inflation to pick up this year after dipping in a 20 year low in 1986.

The Commerce Department said that eight out of 12 of the indicators in December posted gains, a sign that the surge was broadly based. Among the highest contributors were building permits, factory orders, manufacturers' orders for new consumer goods, money supply, stock prices and credit as consumers made their final purchases before the new tax return law took effect from January 1.

The Reagan Administration has forecast that gross national product

White House hit by another resignation

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR PATRICK BUCHANAN, the pugnacious, arch-conservative White House communications director, yesterday became the latest in a succession of White House officials to resign in recent months.

Further departures of other key personnel are widely expected. There has been speculation for several months that Mr Richard Perle, Assistant Defence Secretary, was considering quitting to write a novel, but the Pentagon yesterday officially denied that he had told Mr Casper Weinberger, the Defence Secretary, that he intended to resign.

Mr Perle is an influential critic of past US-Soviet arms control agreements whose views have contributed to the impasse on arms control issues between the two countries.

The White House on Monday distanced the Administration from criticisms Mr Perle had levelled at the country's European allies. The White House said "he was speaking for himself... not for the President" when he had called European leaders "treasonously" because of their reluctance to speak out, for example, alleged Soviet violations of arms control agreements.

With only two years remaining before President Reagan's term of office ends, resignations by officials seeking to capitalise on their experience in the Administration are to be expected. But the sense of drift which has gripped the White House in recent months, in part as a result of the Iran arms deal scandal, may well be a factor encouraging officials to start looking for other opportunities earlier than might otherwise have been the case.

Mr Buchanan, who rounded on the Republican Party for deserting

the President as the Iran scandal broke and recently ruled out running for presidency himself so as to avoid the risk of dividing conservative Republicans, said yesterday that he felt he could "better influence the issues and politics of 1988 and the direction of the conservative movement by speaking and writing from a vantage point outside the White House."

Among other recent resignations, Mr Mitchell Daniels, the White House political director, announced last weekend that he was resigning. Mr Daniels failed last year in an attempt to persuade Mr Donald Regan, the White House Chief of Staff, to quit on the grounds that this would help the Administration put the Iran affair behind it.

The White House announced on Monday that Mr William Casey, the 73-year-old director of the Central Intelligence Agency (CIA), who last year underwent a brain operation, had resigned and was being replaced by Mr Robert Gates, a highly regarded 48-year-old career officer at the CIA.

The announcement of Mr Casey's resignation was made by Mr Martin Fitzwater, who took over that day from Mr Larry Speakes as White House spokesman. Speculation that Mr Speakes would be leaving began last year, well before the Iran arms scandal broke. He is taking up a highly paid job at the Wall Street securities firm of Merrill Lynch, the firm Mr Regan headed before joining the Reagan Administration as Treasury Secretary in 1981.

Mr James Miller, director of the Office of Management and Budget, is expected to quit in the spring, and speculation about the future of other officials continues.

London bank lent to buyers of its shares

BY CLIVE WOLMAN IN LONDON

STANDARD CHARTERED, the London-based bank, made large loans, of over £100m (\$152m) each, to four of its key supporters who bought its shares when it was trying to defend a takeover bid from Lloyds Bank last summer, it emerged yesterday.

Lending to one particular supporter, Tan Sri Khoo, the Malaysian financier, through his National Bank of Brunei, was increased substantially as part of an orchestrated share support operation designed to ward off the bid. Standard Chartered's shares fell 17p yesterday to 755p on fears that it could be subjected to a Government investigation.

It also emerged yesterday that the bank's directors were given a warning during the £1.3bn bid by its chief financial officer, Mr Stuart Tarrant, that some of the lending could be in breach of the Companies Act. Mr Tarrant's advice was not acted upon and he resigned his position, shortly afterwards. The Companies Act prohibits a company from giving financial assistance for the purchase of its own shares except in limited circumstances, a provision whose breach during another takeover battle last year, for Distillers, has been at the centre of the Guinness affair.

The bank said yesterday that it had never offered any financial or other inducements to investors that

supported its defence against Lloyds.

The four supporters of Standard Chartered during the bid with loans outstanding from the bank of over £100m each were Tan Sri Khoo, Mr Tany Rowland's Lohro Group; Liberty Life, the South African insurance company; and Mr Robert Holmes & Carr whose loans from Standard Chartered have already been disclosed.

The late intervention of the four parties, together with that of Sir Yue-Kong Pan, the Hong Kong shipping magnate, proved sufficient to block the Lloyds bid. Tan Sri Khoo, who bought a 5 per cent stake in Standard Chartered, drew down a Brunei dollar loan facility worth about £25m during the bid as he accumulated his stake. The loan was made to the National Bank of Brunei, which was under his control, and is now the subject of an investigation by the Brunei finance ministry. Shortly after the bid failed in mid-July, Tan Sri Khoo was given a further loan worth about £10m.

Standard Chartered executive Mr David Miller said last night that the loans were made to the National Bank at the normal interbank rate of interest. However, because of the National Bank's rapid growth and precarious positions, its borrowing facilities at the time were severely restricted except at much higher rates of interest.

Fermenta in talks on new crisis

By Kevin Done, Nordic Correspondent, in Stockholm

FERMENTA, the deeply troubled Swedish chemicals and antibiotics group, was last night locked in negotiations with its main shareholders and creditors in an attempt to stave off further financial difficulties.

Trading in the company's shares on the official market - it was struck off the Stockholm stock exchange last month - was suspended pending an expected announcement from the group later today.

Fermenta's financial position has become acute following the breakdown of the planned sale of its US agrochemicals operations to Monsanto, the US chemicals group, which was supposed to supply new liquidity to pay off the group's most pressing debts.

Fermenta is seeking to reschedule some SKr 1bn to SKr 1.5bn (\$155m to \$222m) of short-term debt. However, it appeared yesterday that the group's leading Swedish creditors were unwilling to assist, unless Fermenta's main shareholders were first prepared to pump in new equity capital to relieve the group's strained balance sheet.

Mr Bertil Danielson, chief executive of PKbanken, said yesterday

Continued on Page 16

A sharp intake:
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More destinations and frequency to France than any other airline.
That includes London to Paris - up to nine flights in all - each way per day.
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AIR NICE**

AIR FRANCE

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OVERSEAS NEWS

Defeat conceded by opposition in Philippines

BY RICHARD GOURLAY IN MANILA

OPPOSITION parties that campaigned against the ratification of a new constitution in Monday's referendum yesterday conceded defeat as an overwhelming "yes" vote emerged. An 87 per cent "yes" vote was confirmed yesterday after nearly 45 per cent of the votes had been counted.

The overwhelming approval is also a vote of confidence in Mrs Aquino, because it confirms her six-year term as president. It will also boost the morale of the members of her 11-month government which came under attack from both left and right in the run-up to the referendum.

It is incontrovertible proof that this Government has the overwhelming support of the people which we could only presume before the referendum, but now we can sign as a fact," Mr Jaime Ongpin, the Finance Minister said.

Mrs Aquino took power after flawed elections last February led to a military revolt and civilian uprising in Manila and has ruled since then by fiat under a temporary constitution.

Miners quit in S Africa

BY JIM JONES IN JOHANNESBURG

A FURTHER 2,300 Xhosa miners have left the riot-hit Orange Free State. This follows 2,000 resignations last week and further tribal fighting at the weekend which lifted the death toll at the mine since mid-December to 39.

The mine's management reports that 177 men have been injured in the fighting between Xhosa miners from Transkei and Basothos from Lesotho.

President Steyn, which forms part of Anglo American's Free-

Syria sends troops back into West Beirut

By Our Middle East Staff

SYRIA yesterday made cautious moves to reassert a measure of order in West Beirut as a general strike was called in protest against the recent wave of kidnappings of foreigners.

Students demonstrated in the Moslem sector of the city in anger over the seizure of four lecturers from the Beirut University College.

Syrian troops were seen in the central shopping district for the first time since last July when several hundred commandos were deployed in an attempt to drive militiamen off the streets. A promise made by Mr Rashid Karami, the Lebanese Prime Minister, that units of the Lebanese Army and police would mount patrols did not materialise, however.

There have been 11 abductions of foreigners since Mr Terry Waite, the Archbishop of Canterbury's special envoy, arrived in Beirut just over three weeks ago on a mission to free two US hostages held by Islamic Jihad.

Yesterday he was reported to be still in West Beirut. An unnamed informant was quoted by Reuters's news agency as saying Mr Waite, who disappeared on January 21, was still in the Moslem sector of the city.

On Monday Mr Hussein Mousavi, the radical Shia leader, denied reports that the Anglican emissary had been taken to the Bekaa Valley.

Mr Waite has been nominated by a group of British MPs for the Nobel Peace prize.

Mr Iraq retaliated with air raids yesterday after Baghdad had been hit by eight Iranian ground-to-ground missiles so far this year. The aircraft struck the cities of Isfahan, Shiraz and Tabriz, according to an Iraqi military communiqué.

Robert Thomson and Colina MacDougall assess the impact of the purge of liberals

Peking turmoil trickles down to factory floor

FOR the masses, as the Government calls ordinary Chinese, it was New Year as usual, with the clatter of fireworks echoing around Peking and makeshift markets filled by elbowing and enthusiastic customers flogging for trinkets and haggling over the price of a fish for a grand family meal.

Life goes on for the masses regardless of the political turmoil that has brought a purge of "bourgeois liberals," a renaissance of conservative Communism, and changes in ideological and economic direction that have put the country's ambitious reform programme at risk.

Yet the effects of the turmoil have begun to trickle down to the factory floor and the fields and have made investing in China a slightly more difficult proposition.

Only a few weeks ago, the Communist Party General Secretary, Hu Yaobang, chatted about "patriotism" with the visiting Japanese Prime Minister, Mr Yasuhiro Nakasone. Not long afterwards, a Chinese journalist, Liu Binyan, received a standing ovation at a writers' forum and an astro-physicist, Professor Fang Lizi, told fellow scientists that the new China allows academics to criticise openly the Communist Party.

Now Hu Yaobang is apparently on retreat on Hainan Island, off the south coast, having been forced to resign and to write a humiliating self-criticism. Liu Binyan has lost his party membership for suggesting that the party's principles are "outdated," and Fang Lizi has been put under virtual house arrest in Peking after losing his job and his party card.

Instead of encouraging reform and initiative, the Chinese press has taken the country back in time by embracing the spirit of the 1950s. "Thrift" and "struggle" are key words and conservative officials have been emphasising the wonders of central planning and "ideo-



Bo Yibo (left) and Wan Zhen have been appearing with Peng Zhen (second from right) who seems to be behind the crackdown. Former party leader, Hu Yaobang (right) is on retreat.

logical education." While thrift has not been obvious in the bustling free markets this week, the country's leadership has had a change of personnel and a change of mood.

The message now coming through loud and clear is that the party with all its warts is near-infallible and socialism as practised hitherto in China has generated all the freedom, prosperity and progress anyone could wish for.

This is patently at odds with reality, but it reveals the depth of fear among some officials that party and ideology might become redundant.

This is the voice of the hard left, the conservative Communists who have only partially been reconciled to the influx of foreign ideas and reject any diminution of party power, even to give the economy a boost.

Who are these entrenched conservatives? They are certainly not Maoists—in fact they mostly suffered for years during the Cultural Revolution. While not exactly a coherent group, some top veteran Communist seem to have united to oppose Hu and "bourgeois liberalism" and the same people have been regularly in the public eye since mid-December.

Bullet-headed Peng Zhen, a peasant by birth, seems to be

the moving spirit behind the crackdown. Now chairman of the National People's Congress Standing Committee, a key post, he was mayor of Peking in the 1960s until sacked in the Cultural Revolution. He was not rehabilitated until 1979.

Peng's prominence in recent weeks has been striking and his former links with the Peking city hierarchy would have enabled him to use the Peking Daily, the demonstrating students' most virulent critics, as his mouthpiece.

Other top elderly leaders appearing regularly beside Peng (who is an astonishing 85) have been Bo Yibo and Wang Zhen (both 78) and retired military man Song Renqiong, 83. While it is obviously absurd to think of these men as engaged in a power struggle on their own account, they are party watchdogs and kingmakers. Bo, himself arrested in a Peking student uprising in the 1920s, is today a key vice-chairman of the powerful Central Advisory Commission, as are Wang and Song.

Ironically the Central Advisory Commission was created in 1982 as a retirement home for elderly leaders who Deng and his younger men wanted off the Politbureau. Its power has steadily grown since. Remarkably, the "enlarged Politbureau meeting" at which Hu Yaobang

was dismissed was attended by 17 members of the CAC, almost balancing the 20-strong Politbureau (two were absent for unexplained reasons).

Another regularly in the public eye has been Chen Pixian, 71, now on the powerful party secretariat and with a distinguished guerrilla career before 1949. Hovering in the background has been Deng Liqun, also on the secretariat and master-mind of the 1983 campaign against "spiritual pollution."

These men may never be party chief or premier, but their power in corporate decision-making has been given authoritative witness by the sacking of Hu. A look down the lists of key bodies in China shows, as far as outsiders can judge, a fairly even split between conservative and reformist sympathisers, so their political weight may be crucial.

Among younger men views are hard to identify since it is normal to echo the prevailing leadership line. Still, it is clear that Premier Zhao Ziyang, widely believed to be Deng's man, was also acceptable to the conservatives as replacement for Hu as party chief.

Zhao, and the front runner to fill his shoes as premier if he leaves the post, Li Peng, probably represent a common

point of view among younger officials. They recognise that the letter of the Marxist-Leninist law is often not applicable in modern life and that foreign technology is essential. But they hold to the supremacy of the party and, in varying degrees, to a strong central grip on the economy, with stress on production and heavy industry.

But diplomats suspect that this ideology is already undermining the confidence of more ambitious reformers in the provinces. It is argued by some economic analysts that Chinese business people could be reluctant to buy foreign goods for fear of being labelled "bourgeois liberals."

What factory manager is going to challenge an aggressive party secretary now that the party is tightening its grip on the country and has warned against challenging its rule? What small-town reformer is going to show corporate creativity when the party is battering "bourgeois liberals" and yet is unsure of the difference between a "bourgeois liberal" and a "reformer"?

Several important economic reforms are also in doubt. The price reforms designed to make the price of goods better represent production cost have been put on hold for at least a year and the contract labour system intended to get rid of the "job for life" mentality is believed to be under attack by conservatives. Shock issues are also being criticised and China is not likely to see a bankruptcy this year, after experimenting once last year.

Confidence is the scarce Chinese commodity that has been most affected by the change in mood. A teacher friend is afraid that "it will be like the Cultural Revolution again." It will not be the same. The problem is to guess how much ideology will win at the expense of reality, and ordinary Chinese find that the safest approach is not to guess at all.

Queensland Premier threatens to split opposition coalition

BY CHRIS SHERWELL IN SYDNEY

DAMAGING RIFTS within Australia's conservative opposition coalition deepened yesterday following an outspoken series of attacks by Sir Joh Bjelke-Petersen, the maverick right-wing Premier of Queensland.

The attacks, reflecting 75-year-old Sir Joh's disillusion with his own National Party and its Liberal Party partner, are part of a determined bid to launch a nation-wide conservative movement based on lower taxes, smaller government and weaker unions.

The campaign has already led Mr John Howard, leader of the Liberal Party, to warn that resulting opposition squabbles will only benefit the Labor Government headed by Prime Minister Bob Hawke, which must call an election before April 1988.

It has also embarrassed Mr Ian Sinclair, leader of the National Party at the federal level. Like Mr Howard, he has had to tread a delicate line between acknowledging Sir Joh's policy points and defending the coalition's record.

Liberal Party leadership since ousting Mr Andrew Peacock has a serious problem. He is being forced to defend "wet" Liberal candidates while trying to impose policies which, he says, are not dissimilar to Sir Joh's.

The key plank in Sir Joh's platform is a flat-rate tax of around 25 per cent. He would also like to see more curbs on the power of the federal government in Canberra and on the clout of the unions.

Sir Joh is associated with radical movement in Australia dubbed "The New Right" which is keen to remove key members of the Liberals' "wet" faction. He is also believed to be behind plans to start a new party in other states, starting with the Northern Territory.

But of his own plans, he has not said whether he would resign the Queensland premiership and stand for election in a federal constituency. Analysts remain doubtful whether he could establish a national power base.

Either way, Mr Howard, who has never fully consolidated his

Open up a new channel of communication.



The payslip is possibly the most volatile document a company produces, a tangible token of how much an individual feels valued.

Any upset in its sensitive balance of additions and deductions will cause a disgruntled queue to form at the door of the Payroll Office.

Delay in backdating a pay increase, commission not accounted for, a sudden tax rise ... the effects of such unexplained events can throw a long shadow.

Yet the right human resource software can have a wholly positive effect on people's morale. Not only can it more easily accommodate changes, but actually

explain those likely to give rise to queries. When British Aerospace Space and Communication Division used Unipay from Peterborough Software to print

messages on pay slips they reduced enquiries by 90%. Like other customers, they use it as an instrument of management rather than simply administration.

When you consider that human resources account for around 65% of a typical large organisation's operating costs, isn't it worth finding out more about how a

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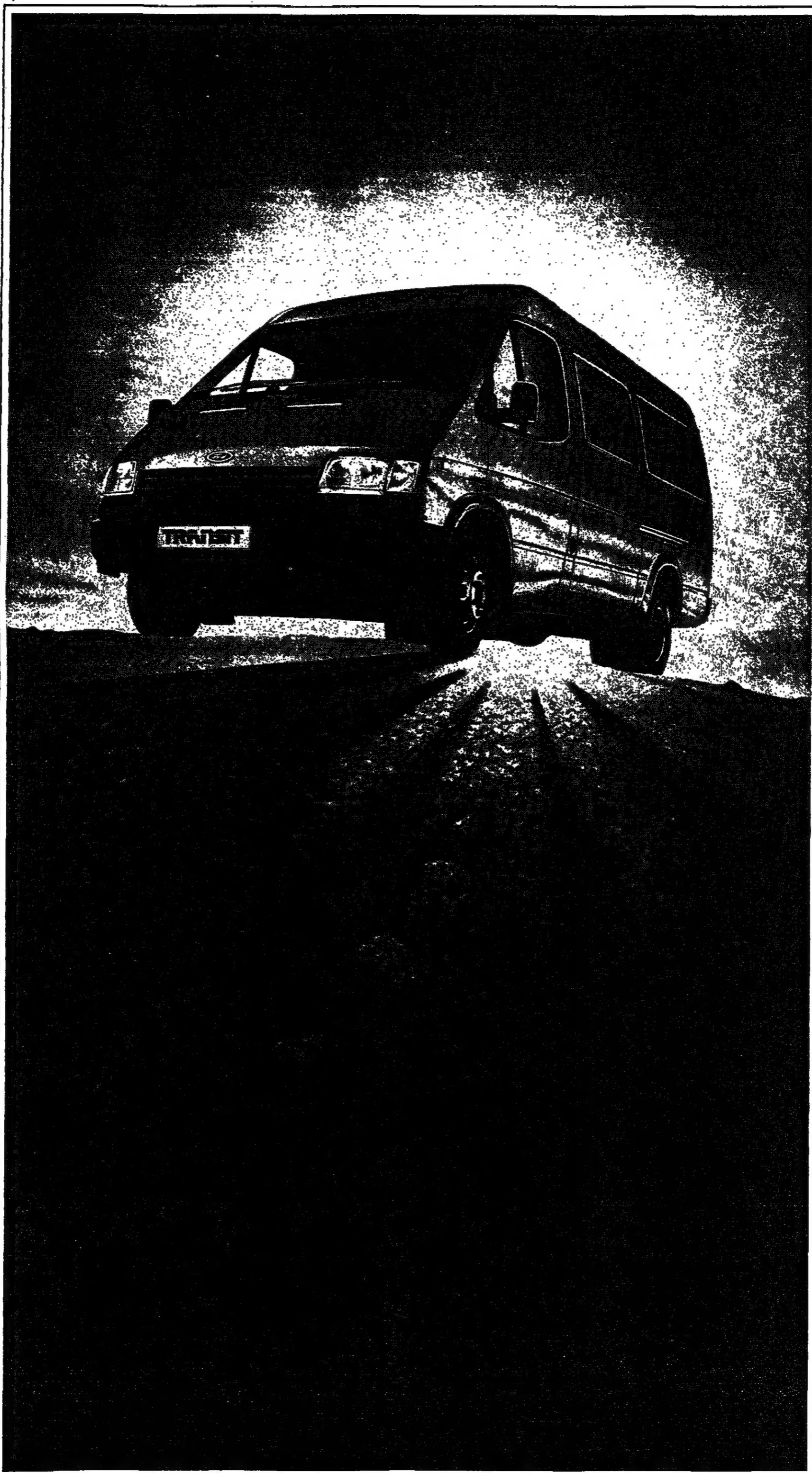
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UK NEWS

Controls to tighten on share stakes in banks

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE BANK of England is to be given greater powers to control acquisitions of large stakes in UK banks. The measures, announced yesterday by Mr Ian Stewart, Economic Secretary to the Treasury, follow several cases where UK merchant banks have been stalked by unwelcome predators, and the Bank has been unable to intervene.

Mr Stewart told the House of Commons committee dealing with the new Banking Bill that the changes would be introduced as an amendment to the report stage. The Bill is expected to come into force later this year.

In future, anyone acquiring a stake of 5 per cent or more in a bank will have to notify the Bank of England, and supply it with any information it asks for. This will enable the Bank to establish the identity and intentions of the acquirer, even though it will not, at this stage, be able to stop the buyer enlarging the stake.

At the moment, the notification requirement is only triggered at 15 per cent, the level at which an investor is deemed to have "a controlling interest" in a bank.

The new Bill will already require purchasers of 15 per cent or more to obtain the Bank's prior approval. But Mr Stewart said the amendment would give the Bank further powers to deal with controlling interests that have been built up before the new Act comes into force.

The Bank will have the power to freeze the voting rights on shareholdings which it does not approve, and ultimately order disinvestment.

Mr Stewart said the new powers would greatly strengthen the Bank's hand in dealing with unsuitable controller shareholders of banks, both actual and potential.

Over the last 12 months certain UK merchant banks have had sizeable stakes acquired by investors with reputations as predators. This week, Hill Samuel reacted sharply to a 14 per cent stake acquired by Mr Larry Adler, the chairman of FAL, the Australian insurance group. Last year, Mercury International, parent of S.G. Warburg, clashed with Mr Saul Steinberg, a US corporate raider, after he threatened to acquire up to 15 per cent of the company. He later sold his stake to a Canadian pension fund.

Court rules training costs must be repaid

BY JIMMY BURNS

THE HIGH Court in London has ordered a former employee of Electronic Data Systems (EDS), the computer services subsidiary of General Motors, to repay £4,500 for leaving the company prematurely after completing a training course.

The ruling is thought to be without precedent in the private sector. The court rejected the former employee's case that he had been forced to sign an undertaking on training costs under duress.

Mr Philip Hubble, a 26-year-old information systems graduate, joined EDS in January 1985. He signed an agreement to pay back £4,500 if he left the company within two years of completing a systems development course. Mr Hubble left EDS in June last year for a higher paid job.

EDS justified its policy on training in the light of a shortage of skilled technical staff in Europe and a need to protect itself from having employees head hunted in a highly competitive industry.

The court upheld the company's view that the £4500 was only a fraction of the cost of the training, and that the agreement with the employee was a legitimate compensatory provision.

The court took as its reference a case in 1984 when a Scottish local authority reclaimed from an employee part of the money it had spent on training.

The ruling, which is to be appealed against by the manufacturing union, Tass, on behalf of Mr Hubble, is likely to be widely interpreted as a test case of EDS employment practices.

New finance chief named at BTR

By Martin Dickson

MR BARRY ROMERIL, 43, has been appointed finance director of BTR, the industrial holding company. He will succeed Mr Norman Ireland, who is retiring from the post at the end of March, while remaining on the BTR board as a non-executive director.

Mr Romeril is a former group financial controller of Imperial Chemical Industries and joined BTR in October 1985, taking responsibility for the finances of its North American operations.

He worked closely in North America with Mr John Cahill, who was head of BTR's operations there before being made the group's chief executive at the start of this year.

Telecom talks may clear way for peace

By Charles Leadbeater

BRITISH TELECOM (BT) senior executives will meet leaders of the National Communications Union (NCU) this morning for talks which could pave the way for a settlement to the 10-day old strike by 110,000 telephone engineers.

Union leaders hope that BT will outline a revised framework for detailed negotiations, which goes some way to meet the union's demand that the 1985 pay award should not be made conditional on the implementation of efficiency measures.

NCU officials believe that BT may accept that some of the efficiency measures should be phased in over two years rather than as a package.

BT may also be prepared to drop some elements of the changes to working practices, such as a 45-minute extension of the normal working day.

The company might also make separate payments for the specific efficiency measures, thereby allowing a large proportion of the offer to be made "without strings".

Union leaders expect negotiations over the company's job re-organising proposals will be the most intractable. NCU leaders said the union's response would depend on whether the company presented the package in a way that could be recommended to the engineers.

Today's talks follow discussions between Mr John Golding, the NCU's general secretary and Mr Richard Worsley, BT's director of corporate personnel and services, which raised the possibility of a two-year deal. Detailed negotiations over the weekend, confined to the 1986 agreement made little progress.

Backpage on the line, Page 8

Angry Thatcher denies any link with police raid in BBC office

BY IVOR OWEN AND TOM LYNCH

TORY back-benchers rallied to the support of Mrs Margaret Thatcher, the Prime Minister, in the House of Commons last night when Mr Gerald Kaufman, Labour's spokesman on home affairs, sought to link her with the decision by the Special Branch to raid the Scottish headquarters of the BBC in Glasgow at the weekend.

To Labour cheers, he maintained that any breach of national security should have been probed months earlier when, either in October or possibly July of last year, the Government first became aware that Mr Duncan Campbell, the journalist, was making a television programme about the spy satellite Zircos.

Mr Kaufman declared: "From the beginning this whole train of events has borne the personal hallmark of the Prime Minister - bungling inefficiency coupled with arrogant authoritarianism."

Mrs Thatcher had earlier clashed angrily with Mr Neil Kinnock, the Labour leader, when she repeated the Government's denial of any involvement in the decision to raid the BBC's Scottish headquarters.

Mrs Thatcher attempted to turn the affair against Labour, by accusing the opposition of attacking the police for carrying out their duty to investigate crime.

The bad-tempered exchanges in a packed and very noisy house, dominated by a turbulent question time during which Mr Kinnock rose four times to challenge the Prime Minister.

He tried to demonstrate that the Government had been active in the affair through Sir Michael Havers, the Attorney-General, and a Labour backbencher alleged that Sir Michael had twice met Mr Campbell.

Mrs Thatcher stood by the case argued on Monday by Mr Malcolm Rifkind, the Scottish Secretary. She said Mr Kinnock: "This is clearly a criminal case under the Official



Mrs Margaret Thatcher: accused Kinnock



Mr Gerald Kaufman: bungling inefficiency

Secrets Act. In criminal cases it is for the police to decide whether to apply for a search warrant and for the courts to decide whether to grant an application. The Government does not give orders to the police."

Mr Kinnock attacked the seizure, along with the film about the spy satellite, of the five other programmes in the series, Secret Society. He said it had not been suggested that the other films raised questions of national security. The seizures contravened the right to publish.

"It is clear that, contrary to what Mr Rifkind said yesterday, all this action has been initiated directly by the Attorney-General. Why is it that the BBC was apparently sufficient to stop one film but it is now thought necessary to undertake an invasion of the BBC to stop five films?"

Mrs Thatcher said Mr Kinnock was "deliberately trying to muddle the question of the injunctions obtained against the publication of the information and the criminal investigation into who had leaked the information to Mr Campbell."

"Decisions to proceed under the criminal law, are for the Attorney-General in his prosecuting capacity - not for the Government in any way."

She reminded Mr Kinnock that he had agreed with her that the film about the spy satellite was a threat to national security. "I would have thought you would also have agreed that the police were right to investigate how the information was leaked."

"You and your party are now once again attacking the police."

This remark clearly infuriated Mr Kinnock, whose voice was submerged in a wild Tory cheer when he retorted: "You have good cause to know that I will do everything to safeguard national security."

The Prime Minister snapped back: "You will do everything except support the police in carrying out their independent duties. The day governments do direct the police would be the day the rule of law would die and so would freedom with it."

Mr Kinnock accused Mrs Thatcher of initiating the affair. "You are killing the rule of law in this country and with it the reputation of the police. You are trying to cover up your own incompetence with this injustice."

Opinion poll puts Labour in lead

THE CONSERVATIVE PARTY'S clear lead in the opinion polls seems to have disappeared with a Harris Research survey for TV-am putting Labour slightly ahead, Peter Riddell writes.

Labour is standing at 30 per cent, according to Harris, compared with 37 per cent for the Conservatives and 22 per cent for the Social Democratic Party/Liberal Alliance. The polling was done on Friday and Sunday among more than a thousand voters.

Last month there was a 5 per cent Tory lead, although paradoxically there has been a fractional increase to 82 per cent in the proportion of the sample expecting the Conservatives to win the next election.

Party strategists admit that the picture is confusing. Polls during January, even undertaken by the same organisation, show sharp fluctuations in the level of support for parties. The Market Research Society is holding further discussions today to decide whether to undertake a special inquiry into polling methods.

Nevertheless, after excluding the sharp variations, there appears to have been a change in trend in the past two or three weeks. Each of the three most recent surveys have put the two main parties broadly neck and neck. This compares with an average Tory lead of 3 to 4 percentage points at the beginning of January.

COMPANY directors work in a legal minefield that few of them understand, according to a guide to the rights and duties of directors.

"The majority of directors are unaware of the risks and their responsibilities under corporate law," said Mr Desmond Wright, senior manager at Touche Ross, the accountancy firm, and Secretary of the Accounting Standards Committee, who wrote the guide.

A director's job specification was defined in numerous statutes but nowhere were the duties of a director clearly set out. "The danger is, therefore, that a director is not going to discover what his duty is until he has failed to do it."

AUSTIN Rover's foundry and forge at Longbridge, Birmingham, is to close over the next few months and work will be transferred to another plant. No redundancies are envisaged.

MANCHESTER Airport remained closed to all passenger flights because of a strike by firefighters which began last Wednesday. Strikers have rejected both a mediator and an independent inquiry on the dispute over payment for a computerised fire prevention system. The airport has lost income of more than £800,000.

CATERPILLAR, the US earth-moving equipment manufacturer, confirmed its decision to close its Uddington plant, near Glasgow, which has been occupied by workers since the closure announcement more than two weeks ago.

In a telex to Mr Malcolm Rifkind, Scottish Secretary, Caterpillar justified its decision on the grounds of over-capacity in its worldwide operations. It said it would try to delay the closure as long as possible to give the 1,200 workers time for re-training and readjustment.

BRITAIN'S gold and foreign currency reserves rose by an underlying £72m in January after increasing by \$60m in December, according to Treasury figures. Although sterling fell to new lows against the D-Mark in January, it also rose by about 5 per cent against the dollar.

There was an actual rise in the reserves of £28m to a total of \$21,950m at the end of last month compared with \$21,620m at the end of December.

The Treasury said there had been a valuation change resulting in a fall of \$41m arising from the quarterly rollover from the European Monetary Cooperation Fund Swap. The decrease reflected the decline in the dollar's value against the European currency unit, Ecu.

TOOTAL, the textiles group, is to have a new chairman. He will be Mr John Craven, at present deputy chairman, who will take over from Mr Alan Wagstaff. Mr Wagstaff recently completed a restructuring of the company.

Insurance incentives will be equalised

BY NICK BUNKER

REGULATORS of Britain's life assurance industry have decided to get rid of commission incentives which encourage independent intermediaries to sell single premium insurance bonds instead of unit trusts.

The move was announced yesterday by the Life Assurance and Unit Trusts Regulatory Organisation (Lautro), one of the new investor protection bodies set up to comply with last year's Financial Services Act.

At present, independent intermediaries receive a commission of up to 5.2 per cent on single premium bonds, but only 3 per cent for selling unit trusts. Consumer bodies and the Unit Trust Association have sharply criticised the discrepancy because it makes a potential bias in favour of selling single-premium bonds.

Single premium insurance bonds have been one of the industry's fastest-growing sectors, with sales totalling nearly £1.4bn in the first nine months of last year.

Lautro's commissions committee said it proposed that over a four-year transitional period, single premium bond commissions should gradually be reduced to 3 per cent of the initial premium, with a 0.5 per cent renewal commission.

The move was widely seen yesterday as a blow to the smaller unit-linked life assurance companies, which specialise in selling the bonds.

Lautro's move is more radical than its own original "halfway-

house" proposal to cut to 4 per cent the commission payable on single premium bonds.

It met criticism, however, from the Life Insurance Association (LIA), which represents independent intermediaries and life assurance salesmen. Ms Christine Leach, LIA's president, said Lautro had shown "insensitivity."

Lautro's move was made public as the commissions committee revealed the results of consultations about its new scheme for a voluntary industry-wide commissions agreement on maximum commissions paid by member companies.

The scheme, proposed in November, is designed to meet requirements under the act that investors should be told of any factors, such as commissions, that could influence the judgment of an investment broker or advisor.

Lautro said it had confirmed its decision to have a maximum commission of 25 per cent on the first year's premiums of any life assurance product.

The new commissions agreement still has to be ratified by Lautro's board and approved by the Office of Fair Trading. But Mr Barry Sherlock, Lautro's chairman, said the scheme already had its full support.

Lautro said it would tell the Securities and Investments Board, the UK's central investor protection body, that the earliest date for implementation of the new commissions agreement should be January 1 1988 "and if possible slightly later."

Exchange to have new head of traded options

BY ALEXANDER NICOLL

MR DAVID PARRY, who assumed the chairmanship of the London Stock Exchange's traded options committee last August, is to step down and be replaced by Mr Geoffrey Chamberlain.

Mr Parry of stockbrokers Panmure Gordon, took over the post from Mr David Steen, the founding father of what is now one of the exchange's fastest growing sectors. Although Mr Parry was an experienced member of the committee, he did not profess to be an options practitioner.

The appointment of Mr Chamberlain, of the brokers L. Messel, part of Shearson Lehman Brothers International, underlines the trend throughout the stock exchange for greater involvement by practitioners in the running of the stock exchange's markets.

It could give a boost to the exchange's long-negotiated plans for a currency options trading link with the Philadelphia Stock Exchange.

Mr Chamberlain will oversee plans for the equity options market to expand at an even more rapid pace than in recent months, when it has been substantially boosted by the arrival of British Gas and Trustee Savings Bank shares.

The Stock Exchange has dropped a recommendation that prices on its automated quotation system, Seq, for "alpha" stocks -

the largest and most liquid - could be only indicative outside market hours. Market makers who make prices outside market hours must make firm prices - at which they are committed to deal - at all times.



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A company from over here that's also doing rather well over there.

UK NEWS

Lotus and Isuzu sign a 10-year co-operation deal

BY JOHN GRIFFITHS

GROUP LOTUS the UK car maker, has signed a 10-year collaboration agreement with Isuzu, the Japanese truck and car maker, in which General Motors - Lotus's owner since early 1986 - has a 34 per cent equity stake.

Under the agreement, no financial details of which are being disclosed, Lotus will gain access to components from Isuzu.

In return, Lotus will provide engineering consultancy services starting with suspension developments on the Isuzu Piazza, a coupe already on sale in North America and Europe.

Mr Michael Kimberley, Lotus's chief executive, described the deal as enabling Lotus "to obtain high-quality, cost-effective components and assemblies from Isuzu and its suppliers and is part of Lotus's long-term policy."

However, Lotus refused to confirm whether this meant Isuzu mechanical components would be used in the M100, a "cheap" - about £12,000 - sports car Lotus is planning to launch in 1989/90 and which

is intended to increase Lotus's car output from 730 in 1985 to around 5,250 in 1992.

The car originally had been intended to use components from Toyota, Japan's largest car maker, which until GM's takeover last spring had held a share of just under 20 per cent in Lotus.

At the time of the takeover, there had been speculation that GM components would be used instead in the M100, originally code-named M90 and which is being completely redesigned. It had been intended for launch last year.

Isuzu is best known as a truck maker. It is collaborating with GM in North America on joint production of small cars, but has yet to establish a firm presence in Europe.

Its Piazza coupe was launched in the UK last year, through an independent importer, but the importer collapsed at the beginning of this year. The franchise has since been taken over by International Motors, which imports Japanese Suzuki and Korean Hyundai cars.

Kenneth Gooding looks at the restyling of Europe's best-selling medium-sized car

Ford puts boot into Sierra sales drive

FORD NEXT month launches throughout Western Europe heavily revised versions of its Sierra car range. It is adding considerably to its potential by introducing a model with a boot or trunk.

The Sierra is Western Europe's best-selling medium-sized car, but so far it has failed to live up to Ford's original expectations.

It was brought to market in October 1982 after a \$1bn (£600m) programme to replace the 20-year-old Taunus/Cortina. Ford hoped output at Dagenham in the UK and Gen the Belgian factory controlled by Ford of Germany, would quickly rise to 450,000 a year.

But, after reaching 375,300 in 1985, sales fell back to 293,500 in 1986 and in that year the Sierra accounted for 2.8 per cent of the West European new car market compared with 3.7 per cent for the Taunus/Cortina in 1979.

Ford's car assembly plant at Cork in Ireland, equipped at a cost of \$13m to assemble Sierra kits, was a casualty of Ford's over-optimism and closed.

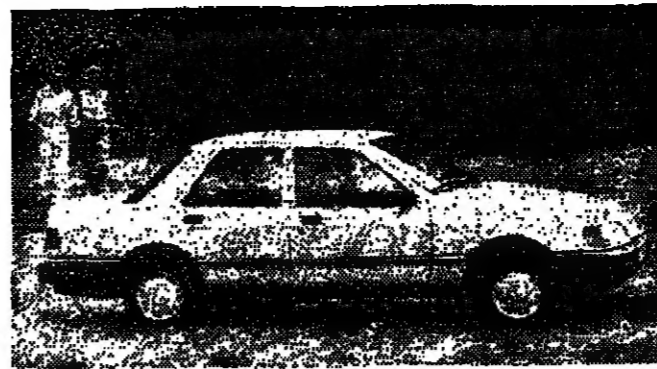
Ford's explanation for the Sierra's failure to meet the original targets is that the medium part of the market in which it competes has shrunk considerably since the car was launched - by two points to 21 per cent.

Also, the shift to hatchback cars, a feature of the late 1970s, did not continue in the 1980s.

The company has virtually been fighting with one hand behind its back in markets such as West Germany, where more than half the medium cars sold are "hatchbacks," or three-box models, and the UK, where four out of 10 customers choose that style.

Competitors such as the Passat/Santana, the Opel Ascona/Vauxhall Cavalier, the new Renault 21, and most of the Japanese rivals do not have this disadvantage.

The Sierra's aerodynamic styling also met a mixed reception. "We were taking the leadership in styling and that means risk," says Mr John F. "Jack" Brinkley, Ford of Europe's vice-president for marketing. He insists, however: "The Sierra



The Sapphire L version of the restyled Sierra

makes an important statement for Ford. It has helped lift Ford's image as a brand and lifted the image of the complete car range, our research shows this is so."

The "new" Sierra range, which offers 18 different models in saloon, hatchback and wagon (estate car) form, goes on display this week at the Amsterdam Motor Show and, says Mr Brinkley, will particularly help Ford to improve its perfor-

hold the number-one spot in the medium segment of the European market," he says. Mr Derek Barron, chairman of Ford of Britain, however, expects Sierra sales to rise to about 145,000 a year with the help of the new notchback.

The arrival of the revised Sierra also coincides with exceptional buoyancy in West European car sales (Mr Brinkley says Ford predicts that they will stay above 1m this year after jumping from 10.64m in 1985) - and with an upward trend in Ford's profitability, a trend which should be encouraged by the new range.

Ford of Germany now expects its 1986 profit to be significantly higher than the DM 100m (£36.3m) forecast last summer - its first profit for three years - and the indications are that Ford of Britain in 1986 improved on its 1985 taxable profit of £160m.

In the circumstances, Ford of Europe's 1986 net profit should be well ahead of the \$326m for 1985 and seems destined to rise again this year.

Tax office 'misused computer system'

By David Thomas

MISMANAGEMENT by the Inland Revenue of an abortive computer system led to losses of £16.5m, according to a report by the Comptroller and Auditor General, the parliamentary watchdog on public spending.

Because of staff shortages, the Inland Revenue was also spending more than it needed to on outside consultants, the report found. The report, which is likely to be considered by the House of Commons Public Accounts Committee, looked at a project to integrate and computerise the collection of different taxes.

The project, described by the report as a "costly failure," was expected to yield considerable staff savings. It was started in 1982, and finally abandoned in 1985.

The report said that £4.5m in development costs was wasted. About £12m in potential savings was also lost because about 300 job losses had to be deferred.

The report blamed the failure of the project on "weaknesses in project management, design and staffing" and said the Inland Revenue underestimated the number of staff needed to complete it successfully.

A general shortage of staff with information technology skills in Inland Revenue was also identified. Despite a recruitment drive, in April 1986 Inland Revenue had only 1,568 such staff in post against an estimated requirement of 1,812.

This shortfall had contributed to a growing use of consultants, who charged on average more than four times the cost of equivalent Inland Revenue staff, often on jobs such as programming, which did not require specialist skills.

The report says £2.5m a year could be saved by employing in-house staff to do this work.

However, the report also noted recent improvements in the Inland Revenue's strategic planning, project control and system development arrangements.

It said that an Inland Revenue project to computerise tax assessment was on course to achieve its target rate of return, despite a 9 per cent increase in real costs since the project began.

Unions urge Tories to forgo budget tax cuts

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE Trades Union Congress (TUC) yesterday urged the Government to forgo tax cuts in its March 17 budget in favour of a strategy to rebuild British industry and to drastically reduce the unemployment problem.

In what will be seen as a reflection of its priorities for a future Labour government rather than of any expectations of a change of heart by Mr Nigel Lawson, the Chancellor of the Exchequer, the TUC calls for a package of measures costing £6.5bn.

The package, centred on extra investment in industry and public construction and more spending on health, education and social services, is billed as the first stage of a strategy that could reduce unemployment by 1m over two years.

Introducing the proposals yesterday, Mr Rodney Eickerstaffe, chairman of the TUC's economics committee, said that the budget debate should not be about tax cuts designed to boost the Government's electoral standing.

The TUC says that it has framed its plans against the background of a "desperately weak economy," threatened by a rising trade gap and by underinvestment in industry and infrastructure. On present policies Britain faces a "low-growth, high-unemployment future."

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Sponsors of human rights bill claim Lord Hailsham's support

BY PETER RIDDELL, POLITICAL EDITOR

SPONSORS of the bill to incorporate the European Convention on Human Rights into British law yesterday claimed the support of Lord Hailsham, the Lord Chancellor, the Government's chief legal officer.

This is despite government hostility to the measure, which has its second reading in the House of Commons on Friday.

In a pre-recorded BBC radio programme due to be broadcast this Sunday, Lord Hailsham notes that Britain has signed the European Convention and states his view that "judges at Edinburgh or Westminster or Belfast have a better feel for the way which those rights to which we are committed in international law ought to be applied in the English, Scottish or Northern Irish context, than the chaps at Strasbourg."

He adds that, therefore, he has always given his vote in recent years to "something on the lines" of legislative proposals put forward in the last parliamentary session by Lord Scarman, which are exactly the

same as the bill to be debated this Friday.

The disclosure of Lord Hailsham's views is undoubtedly an embarrassment for the Government, but no more, given that his position is long-established. On Friday, Sir Patrick Mayhew, the Solicitor General, will indicate the Government's disagreement with the route taken by the bill. The Labour leadership is also officially hostile.

The fate of the bill is still uncertain but its supporters are seeking to make the most of the current controversy on the policy raids on the BBC to generate momentum.

The sponsors need at least 100 MPs to obtain a closure to end the debate and this is still far from in the bag. While a number of big names are committed to attend, there are fewer signs of grassroots organisation among backbenchers.

Mr Richard Holmes, the chairman of the all-party Rights Campaign, said that about 50-60 MPs were definite, and he was confident of securing the necessary number.

Sir Edward Gardner, the bill's main sponsor, and a senior Tory backbencher, said yesterday he had been given assurances by the government whips that they would not use the ministerial payroll vote to defeat the bill. He claimed that there had been a "sea change" on part of "many influential members of the Government."

Among the supporters on the Tory side are six former Cabinet ministers, including Mr Geoffrey Rippon, Mr Leon Brittan and Sir Ian Gilmour and 19 Tory backbenchers. There are 15 named Labour supporters, including Mr Roy Mason and Mr Bryan Gould, as well as all members of the Social Democratic Party/Liberal Alliance.

At a press conference yesterday Mr Roy Jenkins said that if the measure was now law it would have had an immediate practical impact this week by giving the BBC the right to go to the courts on the issue of privacy and freedom of expression.

Blockage on phones dispute line

BY CHARLES LEADBEATER

AS THE negotiating teams in the telephone dispute prepare for the second half of extra time in talks aimed at ending the two-week strike by 110,000 engineers, British Telecom (BT) is in danger of locking itself into a self-fulfilling prophecy, union leaders say.

From the outset, senior BT managers did not believe that the leadership of the National Communications Union (NCU) could persuade the engineers to accept wide-ranging efficiency measures, so they decided to make the 1986 pay award conditional on the implementation of the changes to working practices.

The NCU's leaders, however, say that this apparent insurance policy has turned into the largest obstacle to a settlement. The engineers want pay and efficiency measures to be dealt with separately. Union leaders believe that it would be extremely difficult to deliver support for the kind of linked deal BT believes it needs.

The efficiency measures - the so-called strings - come in three parts. First, there are revised arrangements for organising the work of technical officers, including computer programming, training, and

independent telephone companies are pressing for a suspension of BT's monopoly on the installation or conversion of master sockets in homes during the present dispute.

Their move follows the suspension last week by the Office of Telecommunications, the industry's regulatory body, of BT's

monopoly over the final inspection of telecommunications equipment installed in business premises.

The industry's association has complained that the sale of telephones has slowed down because BT was no longer converting old master sockets.

changes to the organisation of pools of standby engineers.

Second, the BT's "job repatterning" proposals would introduce widespread changes to engineers' work without changing their job titles. The ratio of higher to lower grade engineers would be reduced.

These two packages were held over from the 1985 pay negotiations which ended with the union's agreement that they would be introduced in 1986 as long as two conditions were met - promotion outlets had to be protected and the permanent changes had to be adequately rewarded with raises consolidated into basic pay rates.

Third, a set of eight proposals which the company brought up this

money is permanent, and the pay and productivity should be settled in separate but parallel negotiations. Union leaders also complain that BT is trying to achieve too much too quickly.

When talks restarted in earnest over the weekend it became evident to Mr John Golding, the NCU's general secretary that they needed a new impetus to make progress.

With discussions on this year's claim pending, Mr Golding and senior BT managers discussed setting the negotiations on a new footing by phasing the introduction of the efficiency measures over a longer period than envisaged under the 1986 negotiations.

Whether this ploy succeeds in breaking the deadlock depends on the political judgments of the leaders of both sides.

Mr Golding knows BT is unlikely to deliver the separate deal his members want. To avoid the damage of a long strike or a return to work without agreement, he is looking for a deal he could recommend to his members without provoking a grass roots backlash.

The union says the payment for change is too low, not enough of the

Third Market attracts brisk trade

By Alice Rawsthorn

THE THIRD Market, the new centre for trading in the shares of small companies introduced by the Stock Exchange, enjoyed an unexpectedly brisk opening last week by trading in shares worth more than £5m.

When plans for the new market were first mooted, there was concern that the preponderance of so many small companies would prove unattractive to investors, and that the third tier could become an illiquid forum, in which it would be difficult to buy and sell shares easily.

The Stock Exchange's statistics on the volume of trading conducted on the market last week suggest that such concern was ill-founded. According to the exchange, a total of 1,086 bargains were concluded in the opening week, involving 10m shares.

The pace of trading became more sedate as the week progressed, however, with 444 bargains concluded on the first day and a daily average of 150 bargains after that.

Eight companies began trading their shares on the new market's opening day last Monday and a ninth joined on the second day. The Stock Exchange says that there is still a high level of interest from prospective Third Market stocks and it expects 25 companies to join within the next few months.

The market makers dealing in the Third Market report that most of the demand for shares stemmed from individual investors, although there was some interest from the smaller institutions.

City fringe site could be one of Europe's largest developments

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE CITY of London Corporation has put up for sale one of the largest sites available for urban development in Europe.

It is calling for tenders to buy the Spitalfields Market, an 11-acre site which has been a home for vegetable and flower merchants for over a century.

Developers have been attracted to Spitalfields Market because it is just outside the financial centre of the City. But it is also outside the City boundary, in the borough of Tower Hamlets which has planning authority over the site.

Announcing the terms of the sale yesterday, Mr Peter Rigby, chairman of the City's policy and re-

sources committee, said any developer buying the site would have to pay for a new market. "After that there has to be some money available for ratepayers, probably for the relief of debt," he said.

In return for selling a 150-year lease, the City expects developer to find an alternative market site, house the traders on it and hand the freehold to the City Corporation. The cost would be offset against the premium a developer would pay to the corporation for the lease.

At the same time all proposals to buy the market have to be accompanied by Tower Hamlets planning

permission for the development of the site.

So far the borough has received no formal planning applications to develop the site, a spokesman said. The developers with a declared interest in Spitalfields are a consortium made up of London and Edinburgh Trust, Balfour Beatty and County and District, and the joint venture group of Roseburgh Stanhope.

The City Corporation expects that eventually it will receive six or seven tenders, but the closing date is July 31, suggesting that potential buyers of Spitalfields will have to move quickly to have any chance of making a successful bid.

Glasgow Airport set to expand

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

PLANS were unveiled yesterday for a major expansion of Glasgow Airport, which could eventually cost £110m.

The plans involve a near doubling of the size of the airport terminal, the construction of a new pier for international flights, and an expansion of the apron area.

Scottish Airports, a subsidiary of British Airport Authority plc, yesterday lodged a planning application with the Renfrew District Council. It wants construction work to begin next year, and expects it to take at least five to six years.

An expansion of the facilities at Glasgow Airport has become increasingly necessary over the past few years with the growth of both holiday and scheduled traffic from Glasgow, which has made the airport severely congested at peak times.

Last year the airport handled 2.7m passengers, a 15 per cent increase on 1985, much of it due to an upsurge in holiday charter flights. This year it expects to handle 3m passengers. It is the fourth busiest airport in Britain, after Heathrow, Gatwick and Manchester.

The expansion will allow Glasgow airport to handle between 5.5m to 6m passengers a year. This should enable it to cope with forecast demand into the next century. Scottish airports expects the number of air transport movements to grow by 28 per cent by the year 2000.

Financing of the project, which involves the provision of some 280,000 sq ft of terminal floor space, has yet to be determined. British Airports Authority is scheduled to be privatised later this year.

Dr Gordon Watson, managing di-

rector of Scottish Airports, said in Glasgow yesterday that the number of air transport movements would grow more slowly to the number of passengers handled, because of the use of newer and quieter aircraft which would carry more passengers on each flight.

Glasgow Airport's role, as designated by the Government, is to handle domestic and short-haul European services. Transatlantic flights from Scotland are restricted to Prestwick Airport, which is near Ayr, about an hour's drive from Glasgow.

Dr Watson says that with "further tinkering" the expanded Glasgow airport could absorb the traffic that currently uses Prestwick. The future of Prestwick is next due to be reviewed in 1989. But he did not think that the expansion of Glasgow would damage Prestwick.

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Bain & Co

When close becomes too close for comfort

Michael Skapinker assesses the impact on the consultancy business of the secretive US firm's involvement with Guinness



Bill Bain surrounded by an elite corps

THE MOONIES of the management consulting business. The firm where "machismo" is second only to "secretiveness." From its start in 1979, Bain and Co, the American management consultancy, gave few signs of being worried by these descriptions of itself. Indeed, by its reluctance to speak openly about its operations, it seemed to be actively encouraging them.

Its founder, Bill Bain, set out to build an elite corps of corporate strategists, serving a select group of clients under conditions of maximum secrecy. Now, as scandal swirls around its major UK client, Guinness, Bain is receiving publicity of the most unwelcome sort. One of its staff, Olivier Roux, has been accused of being involved in the Guinness scandal.

For years, consultants had been accused of presenting their proposals to their clients and then just walking out of the door. Bain was able to cash in on the dissatisfaction this caused by offering to establish far closer links with companies than most other consultants.

In recent years the profession as a whole has tried to catch up. Almost all consultants began to stress that they help their clients to implement their proposals (Lombard, January 13). One made the point graphically in its advertising by showing a consultant's ill-white hand smeared with grease, the dirty hand illustrating not corruption, of course, but a willingness to get down to work.

In the wake of the Guinness affair, many of those same consultants are tramping over one another in the rush to argue that the way they do business is so different from Bain that there is no chance of their becoming involved in similar scandals.

There are, it is true, some differences between Bain and the rest. Most consultants work on specific projects for their clients, hoping that this will develop into a long-term relationship.

Bain is not interested in project work. It wants to be involved from the start in the client's central strategic planning. For this reason, when three or four consultants are invited by a company to bid for work by making presentations on how it would solve a particular problem, the conventional approach is that Bain will never be among them. It refuses to compete in this way.

Some consultants are sceptical about this, arguing that Bain's alleged refusal to make competitive presentations is just part of the mystique it tries to create about itself. One American consultant says that he can recall three occasions on which he has competed with Bain for business. The Bain view is that if it does compete for business, it will be because the potential client is looking for a consultant to help with its overall strategy rather than with a specific project.

Dean Berry, who is a main board director of the rival MAC consulting group and who teaches at London Business School, says that Bain's strategy is "fairly crisp and straightforward. They say, 'we want to work for one of the industry leaders, we want them to become the most successful in the industry and we're going to help them to do that'."

The companies they identify might not even have considered taking on a consultant, although

Bain does try to find out which might be amenable to such an approach. In London, Sir Jack Lyons, described by one former Bain partner as "just basically a hired hand," was expected to take such soundings and help to drum up business.

Berry says that Bain expends great effort on building up data about the company, looking at its products, markets and competitors. With a mass of detailed information, Bain approaches the company, asks if it can make a presentation free of charge and then, in Berry's words, "blows them away. They are wheeled in for a presentation by Bain and come out realising two to four hours later saying, 'how can we do without these guys?'"

Bain holds out an added inducement: it limits itself to only one company in a sector and refuses to work for competitors.

Bain is understood to regard this view of how it attracts business as slightly simplistic. It does not believe that it could, as an outsider, develop in advance the sort of knowledge of a client's business which would enable it to "blow them away." But it does, after approaching a potential client or being approached by one, formulate the kind of study which, it hopes, will persuade the company to take Bain on.

All consultants will hope to establish a good rapport with a client's chief executive, while

at the same time working with the managers of the division or section involved in the project. Bain carries this a step further: its relationship with the chief executive takes precedence over its relationship with anyone else in the company.

The close ties which Bain had with Ernest Saunders, Guinness's dismissed chief executive, were a model of what the consultancy aims to achieve. Once Bain is known to have the ear of the chief executive, it has the power to enforce its will lower down in the client organisation, its clients say.

Bain maintains that it tries to win the support of all the powerful figures in a client company.

This is important, because Bain sends large numbers of consultants to work with the client company. Around 50 Bain consultants are reported to have worked at Guinness, some involved in fairly menial managerial tasks. The "Bainies" almost become part of the client's organisation.

Not all high-flying Masters of Business Administration graduates are attracted by such a prospect. One, who spent a summer as an intern at Bain, turned down a permanent offer there and went to work instead for a rival consultant. "I wanted to do consultancy, not management for hire," he said. The MBA objected to another

ment is never open ended. Others are prepared to admit that there are potential pitfalls.

Richard Ball, vice-president of the US consultancy Cresap, McCormick and Paget, is prepared to concede that a close working relationship with a client can become slightly disorientating. "Sometimes you have to kick yourself to remind yourself that you don't work for the client."

There are ways in which that can be counteracted, he says. One is to move consultants to a different client if they appear to be getting too involved with a company.

John Harris, European president of consultants Booz Allen and Hamilton, also concedes that implementation has its dangers. "You can't just work for clients when the sun is shining. If you're working for a client and doing an implementation project and the client becomes unprofitable or something like that you can't simply leave," he says. But, he adds, "I don't think the issue with Bain is implementation. It's conflict of interest. If somebody wanted a person of ours to be chief financial officer we would suggest either that he not do so or that he leaves our firm. We would not want the financial risk of being subject to the ravages of shareholders' suits or whatever."

Bain is understood to be claiming that the appointment of an employee to a client company's board was unprecedented and was in contravention of the rules it had established for itself. Bain agreed to Roux's appointment only after urgent requests from Guinness. It regards Roux's appointment to the Guinness board as a major error of judgment, which should not be repeated.

Any re-evaluation of its operations which Bain carries out in the wake of the Guinness affair is likely to focus on administrative procedures to prevent such errors happening. There is unlikely to be any radical re-examination of the Bain philosophy. In the words of the former Bain partner, "it's really impossible for Bain to change its philosophy of putting in case teams with a really close relationship with the client, because that's what Bain is all about."

It is, of course, in Bain's interest to think that the Roux affair was an aberration. Bainies no doubt hope that they can continue to pound away on the treadmill in their basement gym without worrying about whether to alter the firm's basic principles. But the implementation debate is unlikely to end there. Even without Roux on the board, it seems improbable that Bain would have escaped the fall-out from the Guinness affair.

Dichotomy between experts and the rest

Michael Skapinker on staffing trends

THE management guru Peter Drucker calls them "double-headed monsters": companies which have two different groups within their middle and senior ranks. One group consists of traditional business managers, the other of a growing number of in-house professionals and technical experts—accountants, lawyers, designers and information technology specialists.

With organisations in advanced economies becoming more capital-intensive and more dependent on technology, the role of professional and technical specialists is becoming increasingly important. Susan Segal-Horn of Brighton Business School told a recent conference at the UK's Ashridge Management College.

The British banking sector is a good example of the process, she said. Over the past few years, the pressure on the banks has been unremitting. Many foreign banks have entered the UK market, customer loyalty has decreased and a bewildering variety of new products and services has sprung up: electronic home banking, automated teller machines, and investment portfolio management, to name but a few.

Instead of routine staff, the need is for managers to manage innovation, to develop new products, to plan marketing and distribution systems and information systems design," Segal-Horn said. Increasingly in the banking sector, she said, "new recruits are not bankers as such, but systems and financial market experts, corporate strategists or acquisition specialists."

In retailing too, greater competition and market segmentation has meant increased emphasis on design, information technology and—with the development of new and larger shopping sites—property portfolio management.

But integrating these professionals into the structure and culture of the company presents special problems. Unlike the traditional business managers, the professionals have usually acquired their skills outside the company. "Responsibility for the training of professionals does not lie with the employer but with the professional association, or with universities and polytechnics."

As with all educational experiences, what is learned is more than simply the factual and conceptual material, but also a way of thinking, a state of mind and standards of behaviour. In the case of professionals this has formal embodiment in Codes of Practice by which, in principle, at least, acceptable professional conduct is judged," Segal-Horn said. The number of professional associations has grown too, with the advent of such bodies as the Institute of Sales Management.

The presence of the technical experts and professionals can have a disruptive effect on the running of an organisation. Professionals are hired to exercise an independent judgment, which can at times conflict with the goal of the organisation. "The role of the professional is that of the expert. Technical expertise is based on specialist knowledge. Experts are therefore self-regulating, since only other experts are competent to judge their knowledge and performance. This enables fairly junior professional staff to deal directly with managers at far higher levels of seniority and for professionals in general frequently to bypass the formal management power hierarchy," Segal-Horn said.

Auxiliary

The rise of the professionals looks set to continue. Segal-Horn recalled a prediction by Professor Charles Handy that by the turn of the century organisations will consist entirely of a professional core of experts and a small auxiliary staff, with the flexibility to react quickly to technical and market changes.

If the professionals are that important to the future success of these organisations, how can companies best monitor their performance? One way, said Segal-Horn, might be to strengthen the links between companies and the organisations which establish and monitor professional codes of conduct.

Their role as auditor of suitable professional conduct, as illustrated by the sanction of disqualification from practice, although rarely and idiosyncratically used, is probably the best protection available to the organisation against abuse of future power by specialists."

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The proceedings will be chaired by Mr John Neill, Group Managing Director, Unipart Group Ltd, who will give the opening address. Other speakers will include:

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Scottish forestry and conservation

Battleground of the great wilderness

By James Buxton

IN THE twilight of a grey mid-winter afternoon in the wilds of Caithness, the recently planted conifers are little more than a green blur. But in the minds of foresters, conservationists and an increasing number of politicians, the young trees growing in the bleak far north of Scotland are a major battleground in the war over the rights and wrongs of forestry in Britain.

For this is the Flow Country, to give it the name specially coined by conservationists for this vast area of relatively low-lying moorland and bog in Caithness and Eastern Sutherland. It is not the type of scenery that features in calendars and women's magazines. Fountain Forestry, the private forestry company which, with the Forestry Commission, is managing the afforestation of some of the area, sees what it is doing as a beneficial development project which will eventually lead to the creation of a timber-processing industry in an area that has little other economic potential.

But to some conservationists, the conservation lobby is doing is economically justifiable and is eroding the habitat of some of Britain's rarest birds. As forestry comes increasingly to the attention of politicians, the conservation lobby has received a powerful boost from a deeply sceptical report on its economics from the Auditor-General. Important hearings on forestry begin in the Commons Public Accounts Committee today.

Fountain Forestry has been buying up moorland from landowners and farmers in the Flow Country since 1981. With the blessing of the Forestry Commission, it regulates forestry in Britain, and has pioneered tree planting in Caithness, it is planting it with a mixture of Sitka spruces and Lodgepole pines, as well as the 5 per cent of hardwoods now required by the commission. Out of nearly 10,000 hectares of land suitable for forestry which it owns in the Flow Country, it has planted nearly 9,000 hectares and plans to put trees on a further 5,700 hectares. In all about 12 per cent of the Flow Country, which totals 190,000 hectares — is now planted,

with a further 5 per cent destined for planting. But Mr George McKillop, Fountain Forestry's district manager based in the town of Wick, says that a total of about 30 to 35 per cent of the area is suitable for forestry.

The plantations themselves are owned in 50-hectare blocks by private investors who, thanks in part to Forestry Commission grants and the concessions on income, capital gains and inheritance tax which apply to forestry, expect a rate of return of 10 to 15 per cent on their money for themselves or their heirs, when the trees are harvested in 40-50 years time. Most of the investors are businessmen and women but Terry Wogan and Hurricane Higgins are also among the landowners in the Flow Country.

To the foresters and, so far, the Government, this tax-avoidance mechanism helps the development of the industry. The society has campaigned for several years to stop Fountain Forestry. It has employed publicity — which somewhat disingenuously presents a vast sporting estate owned by Fountain Forestry in Caithness as potential forestry land — and in at least one case has tried to block the company by offering higher prices to landowners thinking of selling to Fountain Forestry than the company is prepared to pay.

The RSPB draws some comfort from the fact that strategic chunks of Fountain Forestry's acreage have recently been designated areas of special scientific interest (SSIs) by the Nature Conservancy Council — thus effectively closing them to forestry.

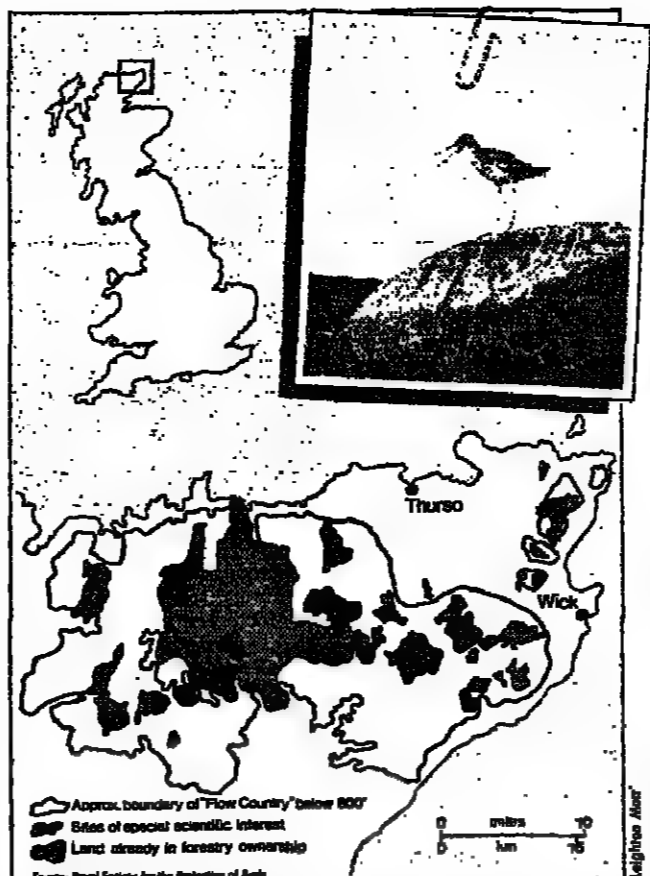
"Certainly conservation is important," says Mr Bill Dodd, managing director of Fountain Forestry. "But it is irresponsible to push it to the exclusion of all else so that it threatens the development of an industry and national resource." And Mr Mike Ashmore, the company's director for Scotland, says: "We are confident that we are not making an impact on the greenhanks."

To make sure, the company is funding, with the Forestry Commission, a study of the effects of forestry in the area on moorland birds, which is, ironically, being carried out by the RSPB. Mr Ian Bainbridge, the RSPB's forestry officer, insists that the greenhanks are in

danger in the Flow Country, in spite of the enormous acreage — about 700 acres per bird — which it still has to nest on. He says he fears that the Flow Country, even with the sites of special scientific interest as conservation buffers — could end up as "a set of little islands of conservation in a depressed landscape."

Underlying the RSPB's arguments is its belief that part of this area is being sacrificed to an industry which is economically unsound. Shortly before Christmas it received authoritative backing for this view in the form of a report by the National Audit Office (NAO), parliament's financial watchdog, on the operations of the Forestry Commission. The report concluded that the rate of return on new planting was unjustifiably low, argued that Britain did not need a large forestry industry for balance of payments purposes and said the benefits which forestry conferred on rural areas could be more cheaply realised in other ways, such as tourism or light industry.

Using a study by the Edinburgh economic consultants, PEDA based on the Forestry Commission's own economic models, the NAO concluded that the Forestry Commission's new planting was likely to have an internal rate of return of only 2.25 per cent. Furthermore it calculated the rate of return in north Scotland at only 1.25 per cent, as a result of poor soil and the windy climate. With



the target rate of return for most public sector trading operations set at 5 per cent, this suggests that the taxpayer is getting poor value for money.

Fountain Forestry professes itself baffled by these figures, for which it has been unable to ascertain the data on which they are based. It says it ran its own figures for the Flow Country through its computer and, on the worst assumptions about timber prices and tree sizes, came out with a rate of return of 2.7 per cent. Adding in the 4.7 per cent which the NAO reckons the tax concession is worth to the private investor makes for a return of 4.4 per cent. On the best assumptions the investor might get a return of 6.5 per cent, claims Fountain Forestry.

But with Mr Nicholas Ridley, the Environment Secretary, and his junior Minister Mr William Waldegrave said to be sceptical about private-sector forestry and the march of conifers, Britain's foresters and their associates in the timber industry are worried about the future. They commissioned their own consultants to produce a report refuting the NAO's conclusions.

In the next few days these and many other arguments will be thrashed out before the Commons Public Accounts Committee. The hearings could be crucial to the future of tax concessions that make private forestry worthwhile — and to the lonely moorland that is the breeding ground of the greenhank.

The economics of Sizewell B

Layfield fails the coal price exam

By Richard Pryke

IT CONTAINS as much analysis as a telephone directory. To what extent is this a fair criticism of the crucial chapter on coal prices in the Layfield Report?

I have just been composing examination questions and this is one which I might well have put in my paper on the economics of energy. There is no doubt that the economic case for the Sizewell B nuclear power station hinges largely on what view is taken of future coal prices. The reasons are that in the UK coal is the only conceivable alternative to nuclear power and that nuclear stations are very expensive to construct but, once built, have very low fuel costs. Hence it is worth running nuclear stations flat out to minimise the electricity industry's total expenditure on fuel. The size of this expenditure and therefore of the savings which a nuclear station will make, depends on whether coal prices will be high or low.

The short answer to my spoof exam question is that, remarkably at it may seem, the Layfield's crucial chapter on coal prices (not to mention other chapters) possesses no more argument than a telephone directory.

Having failed to make any proper evaluation of the evidence or to sort out these economic issues, Layfield announces: "I have been influenced by the extent of the general coherence and persuasiveness of each party's case. The Central Electricity Generating Board's price projections appear to me to be substantially too high. I was impressed with the National Coal Board's evidence and agree with the Electricity Consumers Council that it was particularly convincing and well presented. I have therefore adopted the NCB's projections as the basis for my conclusions."

It is true that the NCB's witnesses gave a good account of themselves and that its evidence was a competent piece of work. For each of the world's major coal exporting nations a research organisation attached to the board estimated the full cost price the exporter would need to receive to induce it to supply a low, medium or large tonnage. The board then worked out the minimum price at which coal could be imported

into Europe if there were to be a huge increase in demand or if, alternatively, it were to be somewhat less massive. When these results were averaged the necessary price appeared to be \$38 per tonne in 2000, at March 1982 prices.

However Layfield received two other forecasts which, like the Coal Board's, may be described as systematic or coherent because they were the outcome of models incorporating supply curves for the major coal exporters. One of these projections, from Chase Economics, was put forward by the CEBG when its own forecasts came under fire. The Chase study suggested that the price of coal would rise to about \$105 per tonne in 2000. Layfield entirely ignored the Chase results.

The only other systematic forecast was provided by Mr Ronald Steenblik, a witness for the Town and Country Planning Association. He estimated that if the price were to be set in a wholly competitive manner it would only be \$45 per tonne by the end of the century. Although he did not believe the price would be fully competitive, he predicted that it would probably be no more than \$60 per tonne. Unlike the Chase study, Mr Steenblik's views were not ignored by Layfield. However his evidence was more or less dismissed on the ground that, although it was well argued, "some of his cost projections were based more on his interpretations of other data sources than on his own detailed knowledge." This is a curious criticism which would equally well apply to the Coal Board's evidence, or indeed to the Layfield Report itself. In fact Steenblik based his estimates on work performed by or on behalf of the authoritative, Government-backed US Energy Information Administration, which prepares estimates of world coal prices by methods very similar to those he employed.

Faced with the widely differing forecasts which he received Layfield, instead of resorting to a seat-of-pants judgment, should surely have made a careful evaluation of what was being assumed. For instance the Coal Board postulated that, even in the absence of depletion, there would be a substantial rise in

unit costs because the increase in miners' real earnings would be greater than the rise in productivity and also because the cost of the goods and services which the industry buys would continually escalate in real terms. Inspection of the source documents which the Coal Board used shows that one reason for this assumption was the belief that, as a result of the huge increases in production envisaged, wages and the cost of equipment and materials would be bid upwards, just as they had already. This ignores the fact that in a world of less tight energy supplies and after the miners' strike, these trends no longer apply. Layfield should have asked himself whether this process would not have gone into reverse by 2000, and should certainly not have treated the NCB's estimates as the appropriate equilibrium or trend prices. The NCB specifically warned that its estimate for 2000 was above the equilibrium level.

My purpose is not the grand one of deciding what the price of coal is likely to be in 2000, nor should what I have said be taken as a veiled criticism of the decision to build Sizewell B (of which I have long been in favour). My purpose has been to indict Sir Frank Layfield for having failed to justify his central projection of coal prices and more generally for having failed in Sizer's words "to teach the nation." He should have made a serious analysis of the price forecasts which he received and sorted out some of the issues involved. Had he done so, at least he would have laid a foundation from which economic argument about future power stations could have been conducted.

The way in which he dodged the task raises the question of whether this form of public inquiry is suitable for throwing light on the economic desirability of nuclear power. Perhaps in future the Monopolies and Mergers Commission, which works to professional standards, should be entrusted with the task. Its past reports on the CEBG and the Coal Board were vastly superior to the Layfield Report.

The author is a senior lecturer at Liverpool University.

Nuclear power arguments

From the Managing Director, Cambridge Energy Research.

Sir, — Sir Frank Layfield in his report on Sizewell B concluded that the chance of a coal-fired station having lower costs than Sizewell is only about one in 40. Your article "Nuclear reactors offer cheaper power than coal-fired stations" (January 17), based on a report by our company, appeared to support Sir Frank's conclusions, as did your "Power to the nuclear cause" (January 29).

The results of our study, however, indicate that the economic arguments for nuclear power are less compelling than either your articles or Sir Frank's report indicate. Certainly in some countries and under some assumptions the advantages of nuclear power are persuasive. Nevertheless, in the UK the price of coal must exceed \$53 per tonne (in 1986 prices) for nuclear to have any advantage, assuming a discount rate of 5 per cent, and \$85 per tonne at a 10 per cent discount rate. Investment appraisal by the CEBG is presently carried out at 8 per cent, but if any move were made to place the electricity industry into private ownership such low rates of return on capital would hardly prove acceptable to shareholders.

Coal is currently available in Rotterdam at around \$30 per tonne. Even allowing for add-on costs and some price increases, Sir Frank's conclusions appear to carry a degree of overconfidence that would be puzzling if we did not all appreciate that the world has moved on from late 1984, the time when new evidence to the public inquiry was last admitted.

Nigel L. Evans (Dr),
10, Jesus Lane, Cambridge.

Methodological assumptions

From Mr G. Roussopoulos.

Sir, — I analysed the CEBG's original written evidence to the Layfield inquiry in some detail for professional reasons at that time and concluded, among other issues, that there were two highly questionable methodological assumptions in its comparison of the economics of nuclear stations with alternative sources (or economies) of energy.

The first is the use of a 5 per cent discount rate in "real" terms for the comparison of the cash flows. This is in accordance with practice for public sector investment, but at odds with the criteria current in private industry where a real return of 6 per cent to 15 per cent, depending upon the nature of the risks, is usually adopted. The latter range should have been used since this is an

Letters to the Editor

Industrial project competing with alternative energies whose pricing projections appear perhaps from domestic coal, start from current industrial criteria. The impact on the relative economics of, for instance, PWR and coal stations is pivotal even on the basis of the CEBG's other assumptions. Because of the greater early capital intensity of all nuclear plants.

The second is the negligible impact on the comparison of the substantial and uncertain decommissioning costs of the nuclear stations because, again, of their discounting over a 40 year period. I would go further than Mr Scammell (January 30) and suggest that the nature of the obligation laid upon future generations makes any discounting at all inappropriate: we are not dealing with a productive investment which can properly be compared with alternative returns or interest rates, but with an unproductive activity that will be required of a future social order. One could even argue for a negative discount factor since we cannot be certain that the decommissioning will be feasible at currently estimated costs, or that this future society will have retained the necessary competence.

Your summary of the Layfield report (January 27) and Max Wilkinson's article (January 29) suggest that neither point has been adequately considered yet either could suffice to overturn its conclusions, but I confess that I am unlikely to spend £20 on the report to satisfy myself on these or other issues. Will the Government make full copies of the report available at all public libraries or Electricity Council showrooms so that the electorate may judge for itself?

G. A. Roussopoulos,

March House,

Churt Road,

Hindhead, Surrey.

Development of energy

From the Director General, Chemical Industries Association.

Sir, — This association believes that a considerable expansion of existing British nuclear generation capacity would play an important role in ensuring competitively priced, secure supplies of electricity to industry over the long-term. Such a construction programme would lead to a reduction of the overall costs of power generation, additional generating capacity

to meet the growth of electricity demand and replace obsolete plant.

The extensive development of nuclear energy is essential to man's continued life on this planet. Surely it is sensible to meet this challenge in a practical and forward looking way, getting its benefits in the UK sooner rather than later.

This support is, of course, expressed solely on the basis that the Nuclear Installations Inspectorate is satisfied that operation of the new stations will meet all requirements as regards safety and impact on the environment, and that disposal of waste products will be handled without adverse environmental effects.

The chemical industry is Britain's most successful exporter, with a favourable trade balance of £2.5bn in 1986. It can maintain and enhance this fine performance provided it is internationally cost competitive, not least on electricity which accounts for up to 60 per cent of manufacturing costs for important products.

M. R. Trowbridge,
33 Albert Embankment, SE1.

New source of equity demand

From Mr D. Lewis.

Sir, — The Lex column "Malhus haunts the markets" (February 2) raises a number of interesting issues regarding the demand for equities. While the trend towards a population of pensioners clearly reduces the role of the major institutional players in the equity game, the demand gap may be filled by a significant leakage from the housing market.

This leakage, however, is not of the kind generally assumed to be fuelling the spending boom as house owners increase their mortgages to purchase consumer durables, but rather one that is demographic in nature. The growth in home ownership together with ever rising house prices has meant that large numbers of 70 and 80 year olds hold a significant level of (unmortgaged) real assets which, given normal death rate patterns, will ultimately be inherited by their children or, to put it another way, by a generation in their 40s and 50s who themselves are significant home owners, are completing their mortgage payments and who have, we are led to believe, a growing propensity to save.

This could result in a significant transfer of capital from the housing market into financial assets, which may have a negative impact on the housing market but should provide an important new source of equity demand.

David J. Lewis,
Hesketh House,
Portman Square, W1

Value of an MBA

From Professor D. Weir.

Sir, — I read with interest your report (December 24) of the study undertaken by Dr Berry of the Manchester Business School on the value added by a good MBA degree.

You noted that "employers questioned showed mistrust and suspicion about the value of MBA graduates and their managerial potential" and that "employers wanted business schools to listen to them more carefully about industry needs."

These points are well taken in relation to MBA degrees taken at the immediate post-graduate stage by inexperienced young people in their early 20s. The Manchester MBA on which the study is based is of course a well respected example of this type of programme.

But for this reason we at the Glasgow Business School have never offered a full time MBA. Our entry consists exclusively of candidates who have at least five years' management experience. Thus industry has indeed evaluated their potential and has pronounced the results good. Although the three year part time route is an onerous undertaking requiring a high level of commitment, the "re-entry" problems and the inexperience of callow youth are avoided altogether.

The sequencing of topics can be related to the participants' maturity and experience and their developing focus on specific career and organisational learning objectives.

We think also we do listen carefully to what employers tell us about industry needs. Our involvement in an essentially part time postgraduate, post-experience MBA is a fundamental guarantee of this and this orientation is reinforced by the heavy emphasis on Teaching Company Programmes which link us with industrial and commercial companies developing new technology, management systems, and production. In many ways we may come to see the heavy emphasis on the full time, postgraduate MBA as a temporary aberration of the 1960s and 1970s and the part time mode will in future become the norm.

(Professor) David Weir,
University of Glasgow,
33-39 Southpark Avenue,
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JOBS

More downs than ups for executive candidates

BY MICHAEL DIXON

WHICH is the best month for executive-job hunting?

The sad news for readers in Britain, at least, is that it is the month which has just ended. Moreover next winter will be almost on us before even the second best comes round again, according to research by the MSL International recruitment consultancy.

While patterns of demand differ with country, the research found that the UK advertised market for managers and key specialists ebbs and flows regularly over the year.

For illustration, let's suppose the demand was perfectly even. Then, for every 1,200 jobs coming up in a year, 100 would be offered each month. The consultancy's study of the pattern over the 1974-86 decade showed that, far from running at a uniform 100 a month, the actual distribution of offers was broadly as follows:

January	124
February	104
March	106
April	92
May	99
June	104
July	107
August	84
September	86
October	110
November	111
December	70

But the likelihood that the peak month of 1987 has already gone is unfortunately not the

worst news I have to pass on today. For despite ruling politicians' optimism about job prospects generally, in the case of demand for executives it looks as though the peak year of the whole 1980s decade is now a thing of the past.

The signs lie in MSL's counts of high-grade jobs advertised in leading UK journals. The counts, which have been made every three months since 1959, show that demand comes and goes in cycles. Unless something occurs to break the cyclical pattern, the market is now in a decline and unlikely even to start turning up again until 1989.

The results of the consultancy's three-monthly counts over the past five years are set out in the table to the right. The annual totals appear below the two thin lines about three quarters of the way down, with the quarterly breakdowns for the respective years below.

As you can see, the 1986 total was the lowest since 1982 which brought the market's first recovery from the trough of the year before, when the annual total was the lowest ever recorded at 18,785. From the middle of 1981 there followed four solid years in which every three-month period's count showed an increase over the figure for the corresponding quarter 12 months before.

Then in mid-1985 the constant rise gave way to a continuing

Type of work	1986		1985		1984		1983		1982	
	Posts advertised	Change from 1985 %	Posts advertised	Change from 1984 %	Posts advertised	Change from 1983 %	Posts advertised	Change from 1982 %	Posts advertised	Change from 1981 %
R & D	3,483	-44.8	6,674	-10.5	7,457	+3.7	7,189	+49.4	4,805	+77.3
Marketing	6,174	-4.6	6,471	-5.1	6,822	+5.5	6,487	+19.9	5,343	+38.4
Production	4,809	-31.7	7,036	+1.5	6,931	+14.8	6,039	+49.3	4,045	+39.4
Accounting	4,402	-4.7	4,721	+12.4	5,978	+12.8	5,254	+18.1	4,447	+11.7
Computing	3,729	-12.8	4,327	+7.4	4,948	+34.8	2,996	+57.6	1,978	+85.1
General mgmt	1,248	-5.1	1,336	+7.0	1,318	+2.6	1,277	+2.5	1,246	+67.9
Personnel	922	-4.2	962	-6.3	1,027	+14.9	894	+35.7	659	+41.7
Others	5,493	-14.8	6,602	+14.6	5,759	+42.9	4,038	+35.4	2,976	+1.1
Total	32,490	-19.1	48,139	+2.1	39,324	+15.4	34,084	+33.7	25,497	+35.7
Jan-March	8,804	-34.3	11,424	+9.3	10,437	+14.9	9,180	+37.5	6,617	+42.1
April-June	8,172	-21.5	10,412	+3.8	10,034	+28.3	8,348	+49.2	5,590	+18.0
July-Sept	7,444	-19.4	9,587	-2.6	9,760	+20.7	8,086	+18.5	6,822	+54.6
Oct-Dec	7,858	-8.7	8,596	-3.3	8,893	+3.9	8,540	+32.3	6,446	+29.7

fall. It is true that last year each successive quarter saw a lower rate of decline by comparison with the equivalent three months of 1985. Even so MSL's experience leads it to believe that the descent will now have accelerated again to around the rapid rates of early 1986.

The overall drop in job opportunities is not of course affecting all kinds of higher-ranked workers alike. As the top section of the table shows, sales and marketing specialists got away with only 4.6 per cent fewer openings in 1986 than in 1985, so doing even better than accounting and finance staff.

But any optimism raised by the relatively small drop in

demand for sales people—which is normally a lead indicator of business activity—is surely quashed again by the fact that the number of jobs for them last year was still the lowest since 1968. What is more, quite the opposite of industrial expansion is implied by the plummeting of the markets for research, design and development specialists, and production executives.

There is no cause for rejoicing either in the consultancy's count of jobs advertised by four major industrial sectors.

While recruitment by retailers was up slightly from 1,068 posts in 1985 to 1,191 last year, openings in food, drink and tobacco companies went the other way

from 1,161 to 953. The sharp fall from 4,888 to 2,911 in the high-technology sector is to at least some extent compensated by signs that the demand there has now stabilised at about 720 jobs a quarter.

Unfortunately there was no sign of a halt to the drop in the energy-related industries which cut openings from 4,350 to only 1,525. The quarterly totals since the start of 1985 make arresting reading: 1,380, 1,032, 1,088, 920, 659, 362, 299, 215. "We thought it must have hit rock bottom when it fell below 500 in July to September," said MSL's spokesman. "We no longer dare to forecast what might happen from now."

Regardless of the portents,

however, the Jobs column has not yet resigned itself to gloom.

For one thing, the fact that past market downturns have always continued for several years is no guarantee that the present one will. For another, although recruitment of executives is down, with few exceptions companies have not been chucking lots of them out. Besides, it is hard to be pessimistic when daylight in London not only lasts beyond 5 pm but is getting longer all the time.

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Applicants should have at least three to five years experience in arbitrage and options trading with a major financial institution, a full understanding of the various products and markets, including the mechanics of pricing, computer-based trading programs and hedging transactions, and a proven ability to develop, price and trade new products.

The successful candidate will be expected to train others in the practices and procedures mentioned above. The remuneration package is attractive and competitive.

All replies should be addressed to Box A.5386
Financial Times, 10, Cannon Street, London EC4A 3DF

LONDON-BASED FINANCIAL SERVICES OFFICER



A new appointment with the oldest and largest Luxembourg bank. Working for the "Société Financière" Department in promoting in the United Kingdom the services offered from Luxembourg including Holding Companies, Financial Trusts and Investment Funds.

Legal background or investment banking experience essential. Age around 30 years and fluent French an advantage though not essential. Full training in Luxembourg and frequent overseas travel involved. Appropriate salary package no obstacle for right candidate.

Please apply with full CV in first instance to:

Mr D. R. Pantlin
Special Advisor

Banque Internationale a Luxembourg
45-47 Cornhill, London EC3V 3PB

Treasury Management

The Electricity Council manages the Treasury function on behalf of the C.E.G.S. and Area Electricity Boards in England and Wales. You will join a small team responsible for this work, which includes forecasting the Electricity Supply industry's cash requirements, raising its funded and temporary borrowings, servicing existing loans, the management of cash flow and the calculation of actual and projected future internal charges.

The work is both demanding and interesting. You will have commercial acumen, the ability to communicate effectively, both orally and in writing and must be capable of meeting tight deadlines. A recognised accountancy or banking qualification is desirable.

A commencing salary above the minimum of the scale £12,282 to £14,916 p.a. inc. can be negotiated.

Please write in confidence giving details of career to date and present salary, quoting reference 8/FT to:

David Webb, Recruitment Officer, The Electricity Council,
30 Millbank, London SW1P 4RD.

The Council is an equal opportunity employer and welcomes applications from disabled people.



ELECTRICITY COUNCIL

Jonathan Wren SECURITIES ACCOUNTANT £30,000

A US securities trading firm has recently established a London office to participate in the post 'Big Bang' markets. They are seeking to recruit an ACA/ACCA to refine and manage reporting systems and controls, with particular emphasis on trading accounts. Candidates will have 'City' experience and should be able to demonstrate the exceptional personal qualities required in this demanding area. Contact Roger Steare.

OPTIONS PORTFOLIO MANAGEMENT £20,000 to £30,000

Clients developing their market coverage have asked our assistance in identifying applicants experienced in general corporate financial and leasing business, with specific knowledge of international options strategies related to the differing markets. Contact Michael Hutchings.

LONDON BRUSSELS HONG KONG SYDNEY

Jonathan Wren Recruitment Consultants

No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266

Murray Johnstone is a leading independent fund management group located in Glasgow currently managing assets worldwide of over £3,000 million concentrated in Investment Funds, Pension Funds, Venture Capital Companies, Unit Trusts, and International Joint Venture Companies.

Investment Client Servicing

Investment management is our only activity and as a result of consistently sound performance and independence, funds under management continue to grow rapidly. As a consequence of this expansion we wish to recruit a client servicing executive to liaise with and report to Managed Pension Fund clients.

Applicants must be mature, articulate and be capable of developing good relations with clients at a senior level. Experience of pension fund investment, whilst not essential, would be an advantage. The post may suit experienced pension fund administrators who wish to broaden their perspectives.

The successful candidate will work closely with the manager and administrators of the fund. After a period of familiarisation with Murray Johnstone's investment process and strategy in Glasgow the post will require a considerable amount of travelling to visit clients within the UK.



Those interested should request an application form by writing quoting ref. AGS/01/FT to or telephoning:

Mrs. Sheila Lamont,
Murray Johnstone Limited, 163 Hope Street,
Glasgow G2 2UH. Tel: 041-221 9252.

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Our client is a leading firm of UK Stockbrokers owned by a major international bank. It seeks an exceptional individual probably aged mid 20's to join the fund management team in one of its principal and most rapidly expanding East Midlands offices (London 45 minutes by rail).

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For full job description write in confidence to Mark Lockett showing clearly how you meet our client's requirements and quoting ref. FT/622.

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MLR,
1 New Bond Street,
London W1Y 9PE.
(Tel: 01-493 7232).

Both men and women may apply.

Martin Currie has established itself as one of the most successful independent investment management houses. As part of our long term development plans we wish to recruit additional personnel.

A UNIQUE OPPORTUNITY IN FUND MANAGEMENT

This key position is in our Far Eastern department and, initially, it will be a supportive role to a successful team of three.

However, the successful applicant will have the necessary attributes to progress eventually to investment director.

Candidates are likely to be in their early 20's and have experience in fund management or stockbroking.

The appointment envisages a long term commitment to the development of Martin Currie, an organisation which is wholly owned by its directors.

The position is based in Edinburgh and offers a competitive salary and benefits.

MARTIN CURRIE

THE INDEPENDENT INVESTMENT MANAGERS

Applicants should reply in writing (enclosing CV) to W.M.C. Kennedy, Director,
Martin Currie Ltd 70 Charlotte Square Edinburgh EH2 4HA

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Age 25-45

£20,000 - £35,000

+ generous banking benefits

Our client, the securities arm of a major international banking group, is embarking upon an ambitious expansion programme. We have been retained to help them find a number of Private Client Account Executives and would like to hear from candidates who have the relevant stockbroking experience and qualifications.

Candidates should possess investment skills, and also the ability to discuss and advise on all aspects of personal finance with a wide range of clients. The appointment offers an exciting future in a dynamic environment supported by the resources of this major group. An attractive salary will be negotiated.

Please apply to J.R.V. Coutts, Career Plan Ltd, Chichester House, Chichester Rents, Chancery Lane, London WC2A 1EG, tel: 01-242 5775. Between 8 pm and 9 pm, Anthony Jones, 01-348 3641.

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The Investment Bank of Ireland Limited is a wholly owned subsidiary of Bank of Ireland. Our Investment Department is a leader in its field. We manage a wide range of funds on behalf of insurance companies, pension funds, unit trusts, charities and private clients. Due to the continuing expansion of our business we wish to recruit additional personnel.

Portfolio Managers and Assistant Portfolio Managers

The successful candidates will be responsible for the day-to-day management of clients' portfolios. These portfolios are invested in International and Domestic Equities, Gilts and Properties. Candidates will be individuals of high calibre who will be expected to develop good working relationships with our clients. They will have a knowledge of the investment industry and their experience will probably have been gained in a merchant bank, insurance company or in a stockbroking firm. The positions will be attractive to energetic, intelligent and ambitious people.

Equity Analyst

This position requires a person who has a successful track record of Equity analysis in the Irish or overseas markets. Previous experience which would have been gained in an Investment Management team or stockbroking firm is essential.

These positions will carry very competitive salaries. In addition, we offer attractive fringe benefits associated with major financial institutions.

Please write, in complete confidence, enclosing details of career to date, to:

Mr. F. J. Healy,
Associate Director/Personnel
The Investment Bank of
Ireland Limited,
20 Williamstown Place,
Dublin 2.



THE INVESTMENT BANK OF IRELAND LIMITED

INVESTMENT ANALYSTS WITH VISION

Are you an experienced investment analyst in either the electronics/electricals or financials sectors? Do you need a greater challenge for your skills? Do you want to become a recognised global expert in these areas?

Hoare Govett, one of the leading foreign based brokers in Japanese equities, is looking for two quality analysts to develop its standing in the electronics/electricals and financials sectors of the Tokyo market. Researching these two important sectors of the rapidly changing Japanese economy will offer the successful applicant the opportunity to gain an intimate knowledge of companies which are recognised as world leaders in their respective fields.

These Tokyo based positions are regarded as key appointments in the development of Hoare Govett's Japanese equity business. We need established professionals with a high degree of independence and the ability to lead an analytical team from day one. Analytical skills and in-depth industrial knowledge are more important job requirements than familiarity with the Japanese language. Prospects for personal advancement and for developing a truly international research franchise are excellent.

Hoare Govett, with the full backing of its parent Security Pacific, is rapidly developing into one of the world's truly global equity brokers. A key component of this development programme is the continued expansion of our excellent reputation for international equity research.

The remuneration package will be attractive to applicants of the highest calibre.

Please apply with full career details to Alan Butler-Henderson, Hoare Govett Limited, Heron House,
318-328 High Holborn, London WC1V 7PB. Telephone: 01-404 0344.

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A major element of the company's growth strategy relates to property based corporate acquisitions, and an executive with proven acquisition experience, and a very much hands on style, is required to implement this strategy.

Naturally, experience gained in a property oriented environment will be particularly attractive but the primary requirement is for well developed acquisition skills which must include acquisition identification, significant experience of high level negotiation and the ability to close deals.

In addition to the forementioned attributes, applicants should possess entrepreneurial flair, strength and breadth of judgement and a high degree of personal integrity so that elevation to main board membership will follow.

As this is a young company, still in the early stages of its growth, this position offers a considerable opportunity to influence the company's future development and to participate in its future success.

The salary package is an indication of the importance attached to this position and will not present a barrier to the recruitment of an outstanding candidate.

Write in confidence, enclosing a full c.v., to Timothy Elster, Executive Selection Division, quoting reference no. L/713/R.

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Pear, Marwick, Mitchell & Co.,
City Square House, 7 Wellington Street, Leeds LS1 4DW.

FUND MANAGER USS STRAIGHTS

Due to a dramatic increase in the pension fund assets of this major international financial institution, the London subsidiary requires an experienced and successful fund manager to strengthen and develop its portfolio management operation. Drawing on both your technical and marketing skills and your knowledge of the world economic scene including the movement of international interest rates, you will have valuable input to the fund management team as well as making regular reports to investors with regard to the performance of their portfolios. By assisting in the preparation of reports on the Eurobond market for potential investors, you will play a leading role in developing the client base. You have a keen nose for market trends and will enjoy the challenge of identifying and evaluating new forms of investment.

With at least two years' experience of managing fixed income USS bond funds, this is an opportunity to make your mark on the team and its future strategy. With an interest in economics, and preferably with a degree, you are numerate, and possess excellent communication skills. Your easy-going personality means that you enjoy contact with both fellow colleagues and the trading team, as well as with investors, both current and potential.

A highly competitive remuneration package including all the usual banking benefits is offered. To apply please ring or write in complete confidence, to Kathryn Barnes of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone 01-404 5701.

Cripps, Sears

Economist for Corporate Planning

This British-owned Corporation has worldwide interests in technology, consumer, natural resource and energy based industries. The Corporate Planning Unit operates in a key central support role to the main board. Your tasks would include forecasting the economic and business environment, country risk analysis, assessment of business development opportunities and ad hoc studies of economic and other issues of importance to the company.

Ideally in your late 20's or early 30's you should have a post-graduate qualification in economics and relevant business experience. A successful track record with good written and verbal skills and an ability to respond rapidly in a commercial environment are essential.

Starting salary will be fully competitive with an excellent benefits package including non-contributory pension and assistance with relocation expenses, where appropriate.

Career development opportunities are excellent either within an economics or planning function or in other parts of the corporation. Please write with full details. These will be forwarded direct to our client. List separately any companies to which your application should not be sent. N.S. Holker, ref. NH/51.

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INVESTMENT MANAGEMENT INTERNATIONAL PRIVATE CLIENTS PORTFOLIO

Our client, a leading International Bank, is seeking an additional Portfolio Manager, to play an important role in the expansion of its highly successful investment management team.

The ideal candidate will have experience of managing discretionary multi-currency bond and equity portfolios for non-resident individuals, together with the personal attributes expected of a manager who will deal regularly with High Net Worth customers.

An attractive remuneration package is offered (according to experience) with an impressive range of fringe benefits.

Applications in writing, accompanied by a curriculum vitae, should be sent to: Richard Meredith.

LONDON BRUSSELS HONG KONG SYDNEY

Jonathan Wren

Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266

CLIENT LIAISON

PENSION FUND MANAGEMENT

c.£15K + bonus - Central London

The Pensions Division of Prudential Portfolio Managers—the Prudential's investment management subsidiary—is responsible for pension fund assets of some £7,000m. This includes almost £1,000m of corporate pension fund assets managed on a unitised 'managed fund' base for a wide range of commercial and industrial clients.

The critical, on-going task of keeping these clients closely informed on every aspect of the investment management of their schemes, from present performance to future strategy, is handled by the Investment Services Unit. Internally, too, this unit plays a crucial role in gathering and presenting information on market conditions and competitor activity, and in doing so maintains a whole host of briefing material. In short, it fulfils a marketing and communications role which sharpens the competitive edge of PPM's investment management service.

That is the background to the appointment of a Client Liaison Executive to further strengthen the Unit. The individual has to be someone who, on the one hand, understands the investment world through first hand experience in a financial area such as fund management or investment analysis, and, on the other, is a natural communicator both orally and

in writing. To quote from our written specification "... the ability to understand the macro-economic view and to translate this into client specific investment reports and presentations is essential". This aspect of information presentation will demand a high standard of report-writing and an understanding of the principles of artwork and design, for which training will be given where necessary.

The ideal candidate would be aged mid to late 20's with the maturity and the presence to command the respect of senior financial directors within our client companies. The position will appeal to someone who recognises this as a stimulating career avenue with a pre-eminent corporation that has a major involvement in this area of pension fund management.

The long-term career prospects are excellent, and an attractive financial package includes benefits such as low-interest mortgage and non-contributory pension scheme.

If you see yourself in this role, please tell us why in the form of a letter and detailed cv sent to:

Patrick Margrave, Personnel Officer,
Prudential Portfolio Managers Limited,
142 Holborn Bars,
London EC1N 2NH.

PRUDENTIAL

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Based in the City of London, but with some UK travel, the person appointed will take responsibility for ensuring both the integrity of existing systems within the bank, and that major project development programmes conform to agreed standards.

The bank is currently introducing major new systems and this appointment offers an opportunity for the right candidate to develop the role of EDP Auditor at an exciting time in the bank's development.

Candidates will be professional auditors with several years' experience in EDP audit, some of it spent in an IBM environment. They will be conversant with international payment systems eg SWIFT and CHAPS, and will have the personality and professional skills to use their authority to operate in a proactive rather than a reactive way.

For the right candidate this position could be the next step in a career in international banking. If you feel you can meet this specification, please write in confidence to Jacqui Lewis (ref: 4007).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX.

Financial Services Industry -Sales Executives

City £25,000-£45,000 + car

Radical changes affecting the City's money markets continues to create unprecedented opportunities for financial institutions to diversify their interests and compete in new markets. In order to succeed, more and more companies are requiring increasingly sophisticated information systems and software solutions.

Our client, the UK subsidiary of a high-tech multinational, is a major supplier of financial applications to this market and is already well ahead of the competition in providing powerful, effective and innovative integrated solutions to a wide client base.

To further strengthen its position within the industry, the company is now looking for a small number of Sales Executives with 8-10 years' broad-based financial services experience, to specialise in one or more of the following areas: Wholesale Banking, Retail

Banking, Commodity Broking, Stock Broking and International Financial Telecommunications Systems.

It is expected that candidates will have experience in a sales and marketing capacity with either a software house or with a financial DP consultancy. An in-depth knowledge of the financial industry and market practices is essential.

The career opportunities in this buoyant and progressive market-led operation are virtually unlimited. Salaries, which are highly competitive and relate directly to ability and experience are offered together with a car and generous large-company benefits.

Please send full career details which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: JS067/FT.

PA

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
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Investment Management

Assistant Manager-Client Liaison

Provident Mutual Managed Pension Funds Limited is an expanding investment management company with over 700 pension scheme clients and assets under management of approximately £1,200 million.

We are looking for a professionally qualified person, probably a chartered accountant, aged late 20's with a degree in economics or an associated subject, to join an existing team of three based in our Investment Department in the City. The job will involve making written and oral presentations covering a wide range of investment information to senior executives of both existing and potential clients.

A basic knowledge of investment is a prerequisite but greater emphasis will be placed on overall ability and enthusiasm than on previous investment experience. The successful applicant will have an outward-going personality and be able to demonstrate the potential to fulfil the role after a period of familiarisation and training.

The position will command a salary of at least £17,500 and the package will also include a car, non-contributory pension scheme, assisted mortgage and other fringe benefits. The prospects for advancement are good.

If you wish to be considered for this appointment, please write giving age, details of qualifications, experience and current salary to C. E. Hughes Esq, MA FIA, Managing Director, Provident Mutual Managed Pension Funds Limited 25-31 Moorgate, London EC2R 6BA, marking the envelope "PERSONAL".

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- * Ability to relate to customers and liaise with lawyers and credit insurers
- * Willingness to travel
- * Languages desirable though not essential

Prospects are excellent. A substantial remuneration package is available for the right candidate

Please apply to Box A0397, Financial Times
10 Cannon Street, London EC4P 4BY

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We for our part, as a private client firm, would provide you with additional clients, the whole on a salaried basis.

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environments, including multinationals, companies developing in-house treasury functions and banks.

Aged around 30, you should be a graduate with a track record which demonstrates your ability, including recent experience in a treasury department. Most important, you will have the energy and enthusiasm to integrate quickly into a talented forward-looking team.

Please reply in confidence, giving concise career, salary and personal details, quoting ref: L195, to Heather Male, Slade Consulting Group (UK) Limited, Metro House, 58 St. James's Street, London SW1A 1LD. Tel: 01-629 8070.

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For further details telephone:
Alex Forbes 01-628 8524
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Fixed Income Fund Manager

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The successful applicant will manage a new fixed-income fund and should have a minimum of two years experience of fixed interest investments with an international emphasis.

We offer an attractive salary and benefit package that includes a subsidised mortgage, non-contributory pension and free life assurance.

Please write enclosing full personal and career details to:

Gareth Hughes, Assistant Manager - Personnel,
Kleinwort Benson Group, PO Box 191, 10 Fenchurch Street,
London, EC3M 3LB.

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Practical exposure to overseas financing is an essential attribute to fill this role. Also required are highly developed technical financial skills, a sharp logical mind and total professional integrity.

Please send your c.v. to John Graham, quoting reference OFE/RG, or telephone him for a confidential exchange of information.

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Since the Bank is itself European it has an extensive network of institutional relationships and has the size and influence to ensure you a hearing when contacting prospective clients. You will be selling equities from all the major European bourses

as well as other international issues, thereby offering the institutional investor a comprehensive product range. The Bank has a first class research department covering European issues.

To be a candidate you must have experience in European Equities gained either in sales, fund management or research. It is not essential for you to have a client base, but if you do you will be able to continue to service it.

This is a first-rate house whose salaries, bonuses and other benefits are envisaged at the highest level.

To apply, please write with CV, to John Sears and Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.

John Sears and Associates

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U.K. Equities
City

This is a genuine opportunity for someone in their mid twenties with at least three years market experience in U.K. equities to consolidate their career to date. The job immediately involves discretionary and active management of Unit Trusts and Linked Life Funds.

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Remuneration will be in the range of £15,000-£20,000 and will include basic salary, location allowance, subsidised mortgage (subject to eligibility), health insurance and other benefits associated with a leading Insurance Company.

Applications, including full C.V. and current salary should be sent in confidence to: Mr N. Still, Assistant Manager, Personnel, Cornhill Insurance Plc, 57 Ladymead, GUILDFORD, Surrey GU1 1DB.

**Cornhill
INSURANCE**

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The Royal London Mutual is a major UK insurance group with total assets exceeding £2bn and eight unit trusts under management. The investment team's position as a most successful emerging unit trust group was recognised by *Money Management* after our performance in 1986. As a result of the continuing expansion of funds under management, a new position is being created within the team.

Applicants should be in their early to mid 20s and have at least an upper 2nd class honours degree in economics or mathematics. A keen interest in international affairs and good interpersonal skills are essential.

From the outset the successful applicant will be involved in research, stock selection and dealing, and will be expected to be able to fill a position of responsibility at an early stage, with potential for involvement in overseas markets. The remuneration package will be competitive including a performance-related bonus, and prospects for rapid career advancement are excellent.

If you are interested, please write enclosing cv to: M. J. Yardley, F.I.A., Deputy Investment Manager, The Royal London Mutual Insurance Society Limited, Mercury House, Triton Court, 14 Finsbury Square, LONDON EC2A 1DP.

INTERNATIONAL INVESTMENT MANAGEMENT c. £35,000 + Benefits

Our client, a major financial institution in the City with £250 million invested in international markets, seeks an international investment manager.

Candidates should be in their mid 30s with a sound knowledge of international bond and equity markets. The position will involve taking over responsibility for the performance of international funds which will include strategy, asset allocation and co-ordination of three specialist Fund Managers. It is envisaged that this will appeal to an able individual wishing to play an important management role in an expanding team.

For an initial talk please contact Emma Weir who will treat enquiries with confidence. 20, Cousin Lane, London, EC4R 3TE. Telephone 236-7307.

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SALES EXECUTIVE/RESEARCH ANALYST FAR EAST DEPARTMENT

We wish to appoint a Sales Executive/Research Analyst for our Far East Department based at our London offices.

Applicants should have at least five years experience in stockbroking, fund management and/or corporate finance, together with an accountancy qualification, preferably to degree level.

In addition, fluency in English, Cantonese and Mandarin is required, coupled with a good knowledge of Far Eastern economies, especially China and Hong Kong.

We offer a highly competitive salary together with bonuses, mortgage subsidy and private health cover.

If you wish to be considered for this post, please write in confidence to:

Mrs A Fenn
Personnel Department
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Treasury Products SALES & MARKETING

Are you a dynamic, demanding and creative individual with a strong track record in sales/trading? If so, we have an opportunity for you to become part of our successful team with full responsibility for developing your own clients in treasury, futures and options. Strong commitment, relevant experience and a hunger for success are all essential.

Rewards will reflect the challenging nature of the role and will include a performance related bonus. Interested applicants should contact Christopher Smith or John Green on 01-404 5751 or write to them in strictest confidence, at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Quoting Ref: 3718.

MP

Michael Page City

International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

GIRA AGRI-BUSINESS, TEXTILES AND BUILDING CONSULTANCY AND INDUSTRIAL MARKET RESEARCH

GIRA, with headquarters in Geneva, Switzerland and companies or offices in six other European countries, was founded in 1970. It is independently owned and managed by the founding partners. In the past seventeen years, it has developed a client base of more than 500 major companies and governmental agencies.

The main business is food related, covering the whole span from agricultural commodities, retail food and drink, food ingredients, catering/food service and distribution logistics. There are, in addition, important and growing activities in textiles/clothing and building materials.

We are seeking highly motivated researchers in the following fields:

FOOD AND CATERING: U.K. and West Germany

TEXTILES/CLOTHING: U.K. and West Germany

FOOD INGREDIENTS/FOOD TECHNOLOGY: West Europe

Candidates should be aged 25-35 and have an honours degree, preferably with relevance to the subject area, some prior research experience, willingness to travel and proven report writing ability. Fluency in English, and German (except for the UK food and catering posts), are essential.

We are also expanding our IN-HOUSE QUALITATIVE CONSUMER RESEARCH activities and have a vacancy for a psychologist consultant mainly for projects in the U.K. and West Germany. Candidates must have experience in conducting the non-directive individual interview and group sessions, in analysing and synthesising this raw material and report writing ability. An economics or marketing degree combined with one in psycho-socialology would be a major advantage.

Interested candidates should send their CVs showing full details including present salary to:

Personnel Director, GIRA S.A., 1239 Collex, Geneva, Switzerland

Appointments Wanted

EXPERIENCED INTERNATIONAL MARKETING EXECUTIVE

with extensive knowledge of information technology and strong analytical skills seeks challenging work. Headline based. Chartered Engineer. Currently director of 2500+ contract. Will work throughout and advise at board level. Write Box A0402, Financial Times, 10 Cannon Street, London EC4A 3DF.

TRADER

In international agri-business, EC trade, broking, Continental markets, widely experienced, London based, fluent German, 45 years long-term opportunity on the trading desk with specialist company. Write Box A0402, Financial Times, 10 Cannon St, London EC4A 3DF

COMPANY DIRECTOR

39
Seeks new UK based challenge, having helped develop and recently sell successful private company. Marketing background with other successful foreign travel experience. Write Box A0402, Financial Times, 10 Cannon St, London EC4A 3DF

PRIVATE CLIENT STOCKBROKER

with fast-developing "Investment" business, currently exceeding £10m is looking for a sound, supportive broking base with reasonable research facilities. Write Box A0402, Financial Times, 10 Cannon St, London EC4A 3DF

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

Unusual opportunity to build on and utilise an existing European network of local subsidiaries and branches

CJRA

CITY

EUROPEAN EQUITIES – ANALYST/SALES EXECUTIVES

£40,000–£75,000 REMUNERATION PACKAGE

MAJOR EUROPEAN BANK

We invite applications from Analyst/Sales Executives, who will have had experience in both company analysis and selling to institutional clients. The successful candidates will report to the Head of Equities and will have a primary responsibility for establishing and developing equities sales of specific European markets as well as advising on the whole team's coverage of Continental Europe. Regular visits to companies on the continent as well as liaison with the bank's own European branches and subsidiaries should be expected. A second European language will be a distinct advantage. The initial package of £40,000–£75,000 includes high base salary and profit related bonus (guaranteed for the first year), car and banking benefits including mortgage subsidy. For this assignment we are particularly keen to hear from candidates in confidence by telephone on 01-638 0532 or alternatively written applications under reference EEA18744/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

Opportunity for self-starter to develop this new role caused by expansion. Prospects to advance to Assistant General Manager within 2-3 years

CJRA

CITY

OPERATIONS MANAGER – INVESTMENT MANAGEMENT

£25,000–£32,000 + BONUS + CAR
+ MORTGAGE SUBSIDY

INVESTMENT MANAGEMENT ARM OF EXPANDING MERCHANT BANK

We invite applications from individuals with an accounting or business administration qualification, who are unlikely to be aged less than 28, who must have had at least 3 years' demanding pension fund or investment management administrative experience. This will have included supervision of settlements, valuation of investment portfolios and dealing with a company's statutory requirements. Reporting to the Managing Director, the selected candidate will be responsible for: overseeing investment accounting and settlements; budgeting; computer systems; company secretarial compliance and SFO reporting matters as well as monitoring and analysing the investment performance of corporate client portfolios. Essential qualities are to be quickly establish credibility within the existing team, diplomacy and self-motivation. Initial salary negotiable £25,000–£32,000 + bonus, car, mortgage facility, non-contributory pension, life assurance, free medical insurance and assistance with relocation if necessary. Applications in strict confidence under reference OM18746/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

Key Credit Insurance opportunity to develop new business and to service existing clients

CJRA

AGE 25-35

ACCOUNT EXECUTIVE – CREDIT INSURANCE

SALARY £218,000 + CAR

MAJOR LLOYDS BROKER

Our clients are a progressive International Lloyd's Broking Group operating a very successful UK Credit Insurance Division. They are seeking to expand and develop this aspect of their operations and as a result need to recruit an Account/Service Executive. In conjunction with servicing existing accounts the successful applicant will play an essential role in the production and development of new business, the potential for which is quite substantial. Success in this key area will be rewarded appropriately. Applicants should be aged 25-35 and be experienced in servicing the Credit Insurance needs of a wide range of UK commercial and industrial clients in the context of their UK operations. Salary will be in the region of £18,000 pa and benefits include car, free medical insurance, pension, life assurance benefits and free restaurant. Applications in strict confidence under reference AEC1/18748/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT: PLEASE TELEPHONE 01-628 7544.

Fund Manager – UK Equities

A rare chance to undertake full Fund Management responsibilities
with one of the City's finest institutions.

Although you are bound to be attracted by the Company's name alone, the true appeal of this opportunity lies in the nature of the role. You would be expected to assume immediate responsibility for the management of up to 10 substantial institutional client portfolios, for which you would determine stock selection for UK Equities and participate in deciding overall asset allocation strategy. Additionally, with an Assistant, you would be required to undertake specialist research for the department on two or three ASI sub-sectors. The climate is lively, unbureaucratic and professional. You would enter at either Manager or Assistant Director level, dependent upon your experience, and are likely to be in your late twenties/early

thirties. You will have several years experience of UK Equities Fund Management probably preceded by a period as an Analyst and will be professionally qualified or a graduate with well developed interpersonal skills.

The compensation package includes a very attractive salary and full banking benefits. Further career development prospects are outstanding.

If you would like to be considered, please write in complete confidence to John Sears & Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone 01-629 3332.

**John Sears
and Associates**

A MEMBER OF THE (SMC) GROUP

ON-LINE FINANCIAL INFORMATION SALES EXECUTIVES

Salary: Basic c £18K, OQE £30K

ONE OF the world's largest suppliers of on-line, real time information services, our client is seeking ambitious sales professionals to capitalise on the growing market opportunities created by the recent new products.

AMBITIOUS AND enthusiastic graduates or equivalents, aged 24 to 28, with a successful sales record are required to join a thriving New Business generation team operating in the City of London.

A THOROUGH understanding of business practices in the financial community is desirable.

EXCITING CAREER opportunities exist within this major international organisation, and with earnings of

up to £30K per year, these appointments will appeal to young high calibre sales executives looking for significant progression.

THE COMPANY'S existing customer base includes stock brokers, banks, insurance companies, pension funds, unit trusts and other investment institutions. The objective is to grow these major accounts whilst developing excellent new business opportunities.

FOR FURTHER information or to apply please contact Nicola Ogilvie on 01-222 7766 or alternatively in writing at the address below quoting Reference No: NM 0854.

OGILVIE EXECUTIVE
PERSONNEL AND MANAGEMENT CONSULTANTS

Buckingham Court, 78 Buckingham Gate, London SW1E 6PE. Telephone: 01-222 7766.

Fixed Income Sales

Smith Barney, a leading U.S. investment and securities firm, is expanding its fixed income distribution efforts in London and is looking for experienced fixed income sales people. The first has recently expanded and improved its trading and execution capabilities in Eurobonds, U.S. Government and Domestic U.S. Fixed Income Securities. It has also added to its already substantial fixed income research capability in depth quantitative research. Compensation is highly competitive and based primarily on production.

Those interested should apply in strictest confidence to:

Managing Director
Smith Barney
18 Finsbury Circus
London EC2M 7AQ

SMITH BARNEY

EQUITY SALES/TRADER UK MARKETING DIRECTOR

Jefferies & Company is a premier brokerage firm specialising in the superior execution of large blocks of securities for institutions and corporations. Since 1962, in the United States, we have built up a strong team of skilled professionals to deliver our execution capability together with an increasing range of additional services critical to institutional fund managers. We are seeking to fill the position of Marketing Director for our London office. The successful candidate should be familiar with UK and/or European institutional investors, be experienced in market research/sales and be a professional who can quickly analyse, understand and develop a strategy for further penetration of the financial services sector. We would also desire an addition to our Equity sales/trading team. Candidates should be highly motivated and experienced in selling shares to UK or European institutions. If you are interested in joining a high-energy, superior team, please send your Curriculum Vitae to:

Jefferies & Company Limited

J. Francis Palamara, Managing Director
Jefferies & Company Ltd.,
23 Finsbury Circus, London EC2M 7AL
01-254 9322

FOREIGN EXCHANGE DEALER

Experienced Spot Dealer required in all major currencies for private individual. Minimum 5 years' active trading experience essential. Must be able to work shifts. West End based. Salary negotiable. Write with CV to Box A0392 Financial Times, 10 Cannon Street, London EC4A 3DF.

GROUP CREDIT MANAGER

Our client, a major food company based south of London would like to hear from mature credit professionals who are able to offer a significant degree of experience together with demonstrable success in effective debtor control.

Reporting to the Financial Director, the Group Credit Manager will be expected to make a major contribution to the success of this new post. Good communication skills at all levels both internally and externally are essential as is the ability to manage and motivate staff towards the achievement of predetermined targets.

Applicants will be established Credit Managers with a first class track record seeking a career move. Energy, self motivation and ambition are prime requirements to meet the challenge within a dynamic environment which will include the management of a reasonably sized department and is now ready to take complete control of primary and secondary settlements.

Salary is negotiable from £20,000, a car is provided in addition to the benefits normally associated with a large organisation. Relocation expenses will be met if necessary. Please write in the strictest confidence stating how the above requirements are met and enclosing a detailed CV to Geoffrey Bradford.

Resource Evaluation Limited
35 Berkeley Square,
London W1X 5DA

BANKING OPPORTUNITIES

FOREX AND MONEY MARKET DEALER 25-35 £23,35,000 pa
Securities house seeks experienced person to set up foreign exchange and money market operation which will include CDS, FFA, options and arbitrage. This position would suit a customer oriented dealer.
SETTLEMENTS MANAGER BONDS, FRAS. 30s £20,000 pa
International bank of assets seeks manager to control the settlement of the above. Sales custody experience also sought. It is envisaged that the successful candidate will already be second in charge of a reasonably sized department and is now ready to take complete control of primary and secondary settlements.
MANAGER ASSET CONTROL AND FUNDING – BONDS 20s £20,000 pa
The person sought will manage a profit centre funded by cash resources generated by failed syndicates. The right background will be that of reducing overdrafts and recovering interest. Must understand balance sheet and how it works. This position would suit someone with an entrepreneurial streak and might appeal to one with a dealing background. This is an excellent opportunity in a financial bank in course of further expansion.
MARKETING OFFICER TRADE FINANCE 20s £20,000 pa
British bank in course of significant expansion seeks services of marketing officer with previous experience of selling a bank's specialised services in the trade finance sector, and able to put deals together and supervising the analysis of the proposals. Previous credit experience necessary. Successful applicant likely to be an AIB or possibly a graduate.
Please telephone Elizabeth Hayward on 01-377 8040

LJC BANKING APPOINTMENTS

Devonshire House, 146 Bishopsgate, EC2M 4JX.
01-377 5040.

PRIVATE CLIENT EXECUTIVES

Heseltine, Moss & Co., part of the Brown Shipley Group, one of the largest specialist private client stockbroking firms in the U.K., are looking for private client executives in their regional offices. Applicants should have at least 5 years' experience in a similar stockbroking background and preferably should have a portfolio of their own clients. The positions would suit applicants who are finding it increasingly difficult to look after their personal clients in the new environment.

Positions are being offered at:
BRISTOL CARDIFF CHELTENHAM CHICHESTER GLOUCESTER NEWBURY OXFORD READING SWANSEA
Please reply in confidence, sending curriculum vitae, to:
A F Smith
Heseltine, Moss & Co.,
Administration Director
30/31 Friar Street, Reading RG1 1AH

HESELTINE, MOSS & CO.

Members of the Stock Exchange

A member of the Brown Shipley Group

MERCHANT NAVY INVESTMENT MANAGEMENT UK Equities

MNIM is responsible for the management of funds currently in excess of £1750 million ranging from small to large funds and including both open-ended and closed-ended investment vehicles.

We are looking for someone who has an ability to work in an environment which encourages the individual to design their own approach to investment within the UK Equity market and so help to make a positive contribution to the activity of a highly professional investment team based in the City.

It is probable that the successful candidate will have a degree or professional qualification. Experience with a stockbroker or financial institution will be important but of greater significance will be the extent and depth of this rather than length of service.

If you think this is a role for you and you want a job where you matter, write in the first instance with a brief curriculum vitae to:

John Prigent,
Secretary,
Merchant Navy Investment Management,
105/108 Old Broad Street,
London EC2P 2HR

APPOINTMENTS

Advertising

£43 per single
column centimetre
Premium positions
will be charged
£52 per single
column centimetre

For further
information, call:

Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

Emma Cox
01-236 3769

International Banking

SENIOR ACCOUNTS

An outstanding career opportunity for a person aged mid 20's-mid 30's to assist in the management of an Accounts Department with one of the leading European Banks represented in London. Responsibilities will cover the full range of bank accounting functions with initial emphasis on statutory and management reporting. SALARY: c£17,000.

FINANCIAL FUTURES

One of the world's major International Banks plans to strengthen its futures trading team by the acquisition of a person with at least one year's trading experience on the LIFFE floor. SALARY: c£20,000.

PRIVATE BANKING

A progressive International Bank requires a well educated, ambitious person probably aged mid 20's, to be the Assistant to the Manager of a busy and expanding Private Banking Section. Duties will involve a good degree of marketing and applicants should have previous experience in dealing with high net worth individuals. SALARY: to £20,000.

CREDIT ANALYST

An outstanding opening exists within a well respected European Bank for a person with sound experience in corporate risk to be responsible for the credit function in support of marketing officers. For the chosen candidate, aged 25-33, a competitive salary will be offered. SALARY: £16,000 (max).

MARKETING OFFICER

A position offering scope and prospects within the marketing team of a first class European Bank. The position requires a minimum two years generalist marketing covering a range of products in order to develop business opportunities and promote lending facilities to U.K. Corporates. SALARY: to £25,000 + CAR.

CAPITAL MARKET SETTLEMENTS

The continued growth of a prime European Bank, particularly active in London markets, provides an opening for a hands-on role with management responsibility for operational support requirements, covering diverse facilities and instruments. The position offers exceptional prospects for a progressive career path. SALARY: to £25,000.

67/69 LONDON WALL
LONDON EC2M 4TP
TEL: 01 625 7601

Gordon Brown

UK EQUITY SALES – JAPAN OPPORTUNITIES IN TOKYO

As a consequence of a significant increase in our International business from Japan, we need to recruit additional salespersons for our Tokyo office. There are two opportunities, and both require a detailed knowledge of the UK economy and stockmarket, and both are located in Tokyo.

For one of the appointments, fluent Japanese is essential, and it would therefore be attractive to a Japanese national presently working in London, and to whom further detailed training would be given prior to a return to Tokyo. Ideally, for the other appointment, the candidate will be sufficiently experienced to move to Japan within a short time. These are senior appointments, with excellent career prospects, and this will be reflected in significant remuneration packages.

Candidates should write with full CV to Bruce Hacking, Hoare Govett Securities Limited, Heron House, 319-325 High Holborn, London WC1V 7PB. All applications will be treated in strictest confidence.

LONDON • TOKYO • NEW YORK • HONG KONG • SINGAPORE • SYDNEY • AUCKLAND • CHANNEL ISLANDS • GLASGOW

**HOARE
GOVETT**

TORONTO DOMINION BANK

CORPORATE FINANCE OFFICERS

The Toronto-Dominion Bank is one of the longer established International Banks in the City. We have strong representation in the United Kingdom and other major world markets.

As part of our continuing management development programme, we are recruiting several University graduates with at least two years' international banking experience.

The successful candidates will be highly motivated individuals with the potential for accelerated development and progression. They will be assigned to one of our account management groups in London for training and development in Credit Analysis, Corporate Finance and Marketing. Following the completion of training and exposure to our corporate banking activities, challenging appointments will subsequently be provided in London.

Salaries will be based on the candidates' qualifications and experience and our benefits package is fully competitive with the financial sector.

Please write, including full details of your career to date, to: Mr. J. W. Green, Manager, Human Resources, The Toronto-Dominion Bank, Triton Court, 14/18 Finsbury Square, London EC2A 1DB.



INTERNATIONAL FUND MANAGER

(LONDON BASED)

The London Life Association, an old established Life office with total assets in excess of £1.3 billion, is looking for an assistant to the Manager of the International Funds within the group to work at our offices in Bishopsgate EC2. These funds total about £200 million and besides the main life fund include unlisted funds and segregated pension funds.

The position involves working closely with the senior fund manager who has wide discretion, and the person will be expected to contribute to the decisions made on the overall structure of the portfolios both geographically and by industry groups. On a day to day basis there will be the responsibility for managing the Japanese and other Far Eastern portfolios with significant freedom of action.

The successful candidate is expected to have a degree or professional qualification, will probably be 24/30 years of age and have at least 2 years relevant experience. A competitive salary will be paid and other benefits include:

- Non-contributory Pension scheme
- Immediate mortgage subsidy
- Free lunches

Please write enclosing full C.V. to: Joe Walnwright, Recruitment Manager, The London Life Association Ltd, 100 Temple Street, Bristol, BS1 6BA.



EQUITY DEALER

Experienced equities dealer sought by leading Investment Management Group. As part of a small and highly successful in-house team, this is an ideal opportunity for an ambitious dealer looking for early responsibility and independence. Aged mid-20s, the ideal candidate will have a minimum of 3 years equities experience of which 2 will have been in an active dealing role. Salary £25,000-£30,000 + Bonus. Please contact Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-558 4224



Insecurities? Equity Sales

Confidence in your own position and the direction of your firm will be vital in 1987 - a critical year for the securities market in general, and equities in particular.

We work closely with the institutional departments of many of the City's most important securities houses (both UK and international) which means we are ideally placed to offer informed advice on a broad range of opportunities.

Demand for those with a successful track record in institutional equity sales is presently strong at all levels of seniority. Experienced analysts wishing to switch to sales would also be of interest.

If you wish to discuss a significant career move or would simply like to be kept informed of market developments, please contact Sally Poppleton or Anna Robson at the Securities and Investment Division, 39-41 Parker Street, London WC2B 5LH, or telephone 01-404 5751. Strictest confidentiality assured.

Only those with relevant City experience should apply.



Michael Page City

International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Investment Marketing Manager

A small and successful international investment company based in London, with offshore affiliates, requires a seasoned and dynamic investment marketing executive. Specific experience in bond/stock underwriting, as well as venture capital. The candidate should be familiar with European and American financial markets, ideally aged between 28-40.

Responsibility primarily for business promotion in London and Europe through the broker/dealer system, as well as insurance companies, mutual/trust funds and pension funds.

Interesting salary package includes performance bonus and a good opportunity for further growth and expansion.

Write Box A0405, Financial Times, 10 Cannon Street, London EC4P 4BY

Trouble shooter livewire required

Our chairman needs a second-in command to assist in the running of our fast-expanding group of companies.

The Group's activities are many and varied so we require a person whose versatility and ability at Board level is exceeded only by their determination to succeed.

As would be expected, an excellent salary and executive company car awaits the successful applicant.

Only positive thinkers need apply!

Write Box A0389, Financial Times, 10 Cannon Street, London EC4P 4BY

DYNAMIC DEALERS IN BONDS EQUITIES FOREIGN EXCHANGES COMMODITIES

If you are aged between 23-33, allow us to market your services in the stock market confidence. Telephone David Jones or John Lord on 01-777 8185

0444 432397
for an early meeting to discuss your most important deal to date THE CITY RESOURCES PARTNERSHIP 258 Bishopsgate London EC2M 4QS

International Appointments



ROYWEST TRUST CORPORATION LTD

Trust Officers, Law Graduates
Chartered Secretaries
Qualified Accountants

Due to continued expansion the RoyWest Trust Group, one of the largest groups of companies offering international financial services, wishes to engage experienced Trust Officers, Law Graduates, Chartered Secretaries and qualified Accountants for Trust Officer positions in the Bahamas and the Cayman Islands.

Applicants should have a minimum of five years' experience in their field and possess a Trustee Diploma, a Law Degree, a Chartered Secretaries Diploma or a professional qualification in Accounting.

The posts to be filled offer an attractive tax-free compensation package which includes allowances and annual return air fares for the Officer and his dependants, a pension plan and medical and life insurance coverage.

Interested applicants should forward a full resume of education and experience, which will be treated in the strictest confidence, to The Vice-President, Group Personnel, RoyWest Group, P.O. Box N 7789, Nassau, Bahamas. Preliminary interviews will be arranged with selected candidates.

THE ROYWEST GROUP IS ASSOCIATED WITH NATIONAL WESTMINSTER BANK PLC AND THE ROYAL BANK OF CANADA.

FRANKFURT

Unser Kunde ist eine renommierte europäische Bank. Für den Frankfurter Geld-Devisen- und Wertpapierhandel suchen wir zur Ergänzung des zur Zeit aus 25 Personen bestehenden Handelsteams:

Devisenhändler

Einsatzgebiet: Interbank Kassio und/oder Termin

Rentenhändler

Einsatzgebiet: Eurobondhandel und/oder unternehmische Tätigkeit wie FRN, SSD, Caps

Geldhändler

Einsatzgebiet: Eurogeldhandel und/oder FPA, IRS etc.

Voraussetzung für die Besetzung obiger Positionen sind englische Sprachkenntnisse und praktische Erfahrungen. Einsatzbereitschaft und Kontaktfähigkeit setzen wir als Grundeinstellung voraus.

Wir bieten eine entsprechende Dotation und bankübliche Sozialleistungen.

Bitte richten Sie Ihre vollständigen Bewerbungsunterlagen mit aktuellen Lebenslauf an:

Frank Meyer-Horn

Geschäftsführer

Jonathan Wren International Ltd

Avenue Louise 203, Box 4

1050 Brüssel, Belgien

Tel: (02) 647.88.90 - Fax: (02) 640.62.72

London • Brussels • Hong-Kong • Sydney



Jonathan Wren
International Ltd
Banking Consultants

BANKING

Los Angeles-based financial institutional search firm looking for individual to open London office or affiliate. Specialising in Senior FX, Money Markets and Government Securities Sales and Trading Personnel

Call or write:

Mark Epstein

THE SEPTIMBER GROUP INC

11611 San Vicente Blvd. Suite 940

Los Angeles, CA 90049

Tel: 213/287-0444

London interviews mid-February

SWEDISH BANK

IS SEEKING AS U.K. REPRESENTATIVE

An experienced man between 30 and 45 years of age. Qualifications within the private banking sector are important merits.

Reply to:

OSTGOTA ENSKILDA BANK

Personnel Department

P.O. Box 328, S-581 03 Linköping, Sweden

Appointments Wanted

UK CITIZEN

CURRENTLY WORKING IN USA WISHES TO RELOCATE FOR NEW OPPORTUNITY. MBA with undergraduate in Finance and Computer Science. Age 27. Currently treasurer of \$150,000,000 revenue based Amex sporting goods corporation. Extensive knowledge of the tennis industry. Write Box A0381, Financial Times, 10 Cannon St, London EC4P 4BY

General Appointments

REAL ESTATE EXECUTIVE - A veteran in the London office of a newly formed property investment and dealing company active in the United States and Europe. We require a person aged between 25 and 40 with working experience and in-depth knowledge of all aspects of European and United States real estate. He or she must have an MBA or equivalent qualification and accountancy and financial skills to evaluate, structure and administer transactions. The applicant should be fluent in English, German and ideally another West European language. The remuneration package is competitive, including a salary which is negotiable pending on the successful candidate's previous salary. Write Box A0405, Financial Times, 10, Cannon Street, London EC4P 4BY.

European Investment Bank

£100,000,000 9 per cent.
Loan Stock 2001

S.G. Warburg & Co. Ltd. announces on behalf of European Investment Bank that in the six months preceding 16th January, 1987, £5,500,000 nominal amount of the above Loan Stock was cancelled pursuant to the provisions of the Purchase Fund relating to the above Loan Stock in respect of the twelve months purchase period ending on 16th July, 1987. As at 16th January, 1987, £54,500,000 nominal amount of the above Loan Stock was outstanding.

S.G. Warburg & Co. Ltd.

Purchase Agent

4th February, 1987

CAREER OPPORTUNITIES IN AAA RATED BANK

Due to continued development and growth of the London Branch of Rabobank Nederland, we now plan to strengthen our dealing, marketing and operational teams by appointing three skilled and highly motivated people to the following important positions.

Salary neg.

SENIOR SPOT DEALER

+ car and benefits

We are seeking a Spot Dealer in his/her mid-twenties with a minimum experience of two to three years' active trading of major currencies at a leading bank, who is capable of establishing, enhancing and developing dealing relationships. This position would suit a dealer with a proven track record seeking to consolidate their market position.

Salary from £25,000

CORPORATE ACCOUNT MANAGER

+ car and benefits

We require an individual with good credit training and not less than three years' direct marketing exposure in a major bank in the UK, aged probably between 25 and 35. The successful candidate will have a wide knowledge of the UK corporate market and be experienced in dealing with customers who use a wide range of products, including FX, Documentary Credits, Money Market operations, Currency and Interest Rate Swaps. The ability to work under pressure with minimum supervision and establish and achieve agreed targets is a prerequisite.

Salary to £20,000

IBM ANALYST/PROGRAMMER

+ benefits

This position demands a skilled person with at least three years' experience of computer programming with detailed knowledge of IBM System 36/38 operations and RPGII/III. As we will be developing a broad range of products—including interfaces with communication, information and dealing systems—experience of PC-based technology would be helpful.

Applicants should apply in the first instance in writing to the General Manager.

Rabobank Nederland

Licensed Deposit Taker, 88 Mark Lane, London EC3R 7NE

Vocational Training Council HONG KONG

The Banking Training Centre of Hong Kong Centre Manager

Vocational Training Council

The Vocational Training Council (VTC), a statutory body responsible for Government assisted manpower training in Hong Kong, will establish a Banking Training Centre of Hong Kong by the end of 1987. The main functions of the Centre include the development and implementation of work-based courses with narrowly defined objectives to cater for the short-term practical training needs of various categories of banking personnel. The Centre will have a Centre Manager, professional, administrative and supporting staff. Applications are now invited for the post of Centre Manager for the administration and operation of the Centre.

Qualifications

Candidates should possess a degree and/or professional qualification in banking. They should have not less than 10 years post-qualification experience in banking part of which should be in managing practical banking training. Prior experience in setting up a banking training centre would be an advantage. The successful candidate will be expected to assume duty in mid 1987.

Conditions

The post will attract a monthly salary of HK\$24,785-HK\$28,135 (\$1-HK\$11.75 as at 27.1.87 but this is subject to fluctuation) depending on qualifications and experience. The appointee will be offered an initial contract of four years, inclusive of leave, plus 25% terminal gratuity upon satisfactory completion of the agreement. Thereafter, the appointee may be offered either contract or superannuable term at the discretion of the Vocational Training Council. Fringe benefits include leave and passage, housing, medical and dental treatments, children's education allowances and school passages.

Application

Application forms are obtainable personally or by post from the Hong Kong Government Office, 6 Grafton Street, London W1X 3LB. The completed application forms should then be returned direct to the Executive Director, Vocational Training Council, 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong to reach him on or before 28 February 1987.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Wednesday February 4 1987

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Strength of D-Mark flattens Frankfurt

AFTER the party comes the hangover. West German shares are no longer among the top favourites of foreign investors, now that the dollar slide has put a question mark over the country's exporting potential, at least in the short term.

For four years to last April, the West German stock market enjoyed a surge in share prices. More and more new companies came to the market - a record 24 last year alone - and even normally cautious German individuals dipped into their savings and bought stocks whose prices never seemed to come down.

Last week, though, was a very different story. On Wednesday, the market went into a sickening lurch which left it at its lowest level for 13 months. The culprit was the dollar, down sharply on that day to around DM 1.77 compared with DM 2.43 at the start of 1986. Prices, and the US currency, recovered on subsequent days, but few analysts see shares showing any sustained revival in coming weeks.

Investors have not suddenly become disenchanted with the German market, however. They actually

Andrew Fisher looks at the West German bourse

ly started drifting away from the party last April, when the four-year bull market peaked with the Commerzbank index at just under 2,280.

Since then, shares were mostly falling until last week's gyrations. While they never fell much below the highest levels of 1986, they failed to match the sparkle shown by many other world markets. The index ended the year just 5 per cent higher after a 76 per cent ascent in 1986.

With the dollar crashing lower, foreign investors saw the opportunity last week to take profits. Not only were share prices much higher than when they had bought in during the market's climb of the past few years, there was also an appealing gain from the sharp appreciation of the D-Mark.

Actual selling was not large, but there was little buying to check it. Thus, the Commerzbank index lost 5.3 per cent on that day, and the drop of 98.5 points was the largest ever daily fall.

The index ended the week at 1,808.2, having pulled out of the slide which left it 15 per cent lower on Wednesday (at 1,741.1) than the end-1986 level. So what lies in store for the market?

Since the strength of the D-Mark will dampen profits on exports, selling by foreign investors is seen by many analysts as more likely to increase than fall off. "A rate of DM 1.70 is more probable than DM 2, one market observer at a leading German bank said. "There is no particular reason to expect much improvement in prices in the next few months."

Not that German exporters are expected to collapse under the weight of the D-Mark's strength. Exporting is the lifeblood of the German economy.

"The export situation is certainly not disastrous," reckoned Mr. Gunter Mecklenburg, a general manager of BHF Trust. "German companies will accept lower profits rather than lose market share."

Companies such as AEG (electronics), MAN (engineering), BMW and Porsche (cars), and Puma (sports shoes) have complained of chills on the currency front.

Puma caused a market sensation two weeks ago when its shares slumped by DM 150 to DM 450 in one day after it announced US losses and wrote-off. It had been hurt by the dollar's fall, but more damagingly had reacted too slowly to changes in the US market. As a once-glamorous new issue of 1986, Puma's upsides highlighted the speed with which exporters' fortunes can change.

With the market in its present state, the new issue trend is unlikely to be so lively in 1987. One problem of the German market is that trading is still concentrated in a few well-known shares. Half of Frankfurt's turnover is in only 10 shares. The newly quoted issues of the past few years account for only 5 per cent of turnover.

Investors will still have to stomp up plenty of cash in the next few months. Aachen and München, the insurance group, plans a DM 1.34bn rights issue, and the Government is selling a 25 per cent stake in the Veba energy group for DM 3m. Deutsche Babcock, the engineering company, also intends to make a rights issue.

Thus German stock markets will need to be resilient. And with prospects for export-oriented shares looking bleaker - Commerzbank's motor share index is down 27 per cent this year - attention has switched to less internationally known construction, stores and consumer stocks. It is hardly a recipe for excitement.

PepsiCo profits lifted in quarter by acquisitions

BY RODERICK ORAM IN NEW YORK

PEPSICO, the world's second biggest soft drink company after Coca-Cola, has reported strong earnings growth thanks to acquisitions of restaurant and soft-drink companies and higher volumes in existing businesses.

Net earnings from continuing operations rose 11 per cent to \$118.6m, or 44 cents a share, in the fourth quarter ended December 27, from \$105m, or 39 cents, a year earlier when the loss from a discontinued operation made final net \$89.3m. Sales rose 35 per cent to \$3.12bn from \$2.31bn.

In the latest quarter, restaurant earnings rose 25 per cent on a 67 per cent increase in sales reflecting the inclusion of the Kentucky Fried Chicken group acquired on October 1. Soft-drink earnings increased 31 per cent on a 40 per cent rise in sales thanks to a 7 per cent increase in volume and the acquisition of MEI, a domestic bottler.

For the full year, net profits from continuing operations grew 9 per cent to \$457.8m, or \$1.75 a share,

from \$420.1m, or \$1.50, a year earlier when income from discontinued operations made final net \$543.7m, or \$1.94. Sales expanded 21 per cent to \$2.28bn from \$1.89bn.

Soft-drink earnings advanced 23 per cent on a 32 per cent sales increase with domestic volume rising 7 per cent, or 1½ times faster than the industry.

Pepsi's strong performance was underpinned by success of its Diet Pepsi and Slice drinks. International performance benefitted from the acquisition of Seven-Up International.

Pepsi's 14,800 restaurants in three chains increased operating profits by 6 per cent on a 29 per cent rise in sales. Snack-food profits fell 13 per cent on a 6 per cent sales growth.

Foreign operations in total had a 20 per cent rise in sales but an 8 per cent decline in earnings. Pepsi forecast a rise in operating profits in the current quarter with help coming particularly from Frito-Lay, its snack-food business.

Electrolux dips as lower \$ takes toll

By Sara Webb, Stockholm Correspondent

ELECTROLUX of Sweden, the world's leading household appliances group, reported flat profits despite a 37 per cent increase in turnover in its preliminary 1986 results.

The group blamed the disappointing figures on the lower dollar, tougher competition and increased restructuring costs.

Sales totalled SKr 53.65bn (\$8.25bn), compared with SKr 39.68bn last year, and were boosted by the acquisition of White Consolidated Industries in the US (which has annual sales of about \$1.95bn), and of Zanussi, the Italian house appliances maker.

Electrolux recently acquired Gothard Nilsson, a metal recycling company with annual sales of SKr 1.2bn, through its Grifone subsidiary. Results from this company have been consolidated since October 1.

Group profits after financial items are expected to be the same as last year at SKr 2.57bn and were slightly below market expectations.

The dollar's fall has affected the group's results throughout the year, particularly in the final quarter when profits declined.

Electrolux has both revenue and costs quoted in dollars and the group's North American operations are mainly based on locally manufactured components. This year, Electrolux expects about a third of its total sales to be in the US market.

Demand in the main markets was good, but price competition was strong and Electrolux reported lower profit margins.

Mr Anders Schary, chief executive, said the group had continued its restructuring programme as a result of the acquisitions, but that costs in this area had been about SKr 100m higher than expected.

Analysts believe that the positive effects of these measures may not be felt until 1988.

The board proposed increasing the dividend from SKr 7.5 to SKr 8.75.

French Post Office returns to black

By George Graham in Paris

FRANCE'S Post Office returned to profit last year for the first time in 29 years.

The post office made a small operating profit of FFr 100m (\$16.5m), compared with a loss of FFr 430m in 1985, Mr Gerard Longuet, Minister of Posts and Telecommunications, said yesterday. Turnover rose 2.3 per cent to FFr 59.3bn.

For the first time, the French Treasury paid interest on the FFr 118bn of postal cheque-book accounts which the post office deposits with it. Last year the interest paid was only 0.81 per cent, but this year the remuneration will rise to 3 per cent.

The post office increased the total of its funds and deposits - including savings books and mutual funds as well as postal cheque accounts - by 5.5 per cent to FFr 603.3bn.

Postal services' volume rose 2 per cent, with a total of 16.5bn letters and parcels handled.

CONCERN AT WEAKENING ECONOMY AFTER FLAT FIRST QUARTER

Siemens worried over outlook

BY ANDREW FISHER IN FRANKFURT

SIEMENS, the West German electrical and electronics group, reported flat first quarter earnings and expressed concern about the weakening state of the economy and the effects on sales of the dollar's sharp fall.

Net profits for the three months to December 31, 1986, totalled DM 296m (\$164m) against DM 298m in the same period of the previous year, with turnover unchanged at DM 10.8bn and new order inflow 6 per cent higher at DM 13.5bn.

Siemens has already reported that its 1986 profits dipped from DM 1.53bn to DM 1.47bn on turnover which was down from DM 54.6bn to DM 47bn. The 14 per cent fall in turnover was mainly due to the lack of new nuclear power station orders and the fall in the dollar.

The group is maintaining its dividend at DM 12 a share. Asked about its interest in buying CGCT, the French telephone equipment maker, Mr Karlheinz Kaske, the chairman, said Siemens was waiting for



Karlheinz Kaske, Siemens chairman... no decision on CGCT

the decision of the Paris Government. On Monday, Paris set a price of FFr 500m for CGCT. Although only 20 per cent of its actual ownership is up for sale, the purchaser is

also likely to achieve management control.

Mr Kaske said that the overall economic outlook was "less friendly" than a year ago. Siemens' competitors had benefited from the effect of the strengthening D-Mark on the German group's competitiveness. "We must try even harder to deal with this," he added.

Mr Kaske said Siemens could view the fall in the dollar more calmly than some other companies, however, because only 20 per cent of its US business consisted of imports from Germany. Its US subsidiaries already did 15 per cent of their business outside the US.

This year, the US subsidiaries' import level would drop to about 10 per cent of their total turnover, expected to be up from \$2.2bn to \$2.6bn. Exports from the US should exceed Siemens imports into the country, he said. The group lost about \$100m in the US last year, mainly because of high start-up costs of new businesses.

If there were no further drastic

changes in currency rates, Siemens would see a further improvement in business this year, he said. However, there would be no dramatic growth rates in its major activities.

The group continued spending heavily last year, with a 48 per cent jump in investments to DM 6.1bn and a 13 per cent increase in research and development outlays to DM 5.4bn. Investments will be at a similar level in 1987.

Siemens said spending on its Mega project, involving the development and manufacture of memory chips with one megabit and four megabit capacity, totalled about DM 650m and would rise sharply this year. It expects to be able to supply the market with large volumes of these chips from this summer.

Last year, Siemens lost about DM 200m in the computer components sector as a result of weaker demand and falling prices. In the whole group, capacity utilisation eased from 88 per cent to 84 per cent and is expected to ease further in 1987.

Lower metal prices push Inco back into the red

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

INCO, the Canadian company which rates as the world's largest producer of nickel, has slipped back into the red in the final quarter as a result of lower metal prices. The loss for the period amounts to US\$6.5m against a profit of \$7.8m a year ago.

The result for the full year is a modest profit of \$0.2m against \$32.2m. After allowing for dividends on preferred shares, Inco comes out of 1986 with a net loss of \$16.8m, or 16 cents per share, compared with a 1985 profit of \$27.8m.

Compared with 1985 nickel prices received fell 13 per cent in the final quarter of 1986 and 16 per cent on the full year. The declines were partially offset by reduced operating

costs and higher prices for the company's by-product platinum group metals and gold.

Improved profit margins which had been seen in the alloys and engineering products business during the first three quarters of 1986 fell away in the final quarter owing to competitive pressure on prices.

Charges for production shutdowns and severance costs last year rose to \$28m from \$18m in 1985, while foreign exchange movements resulted in a 1986 loss of \$2m against a gain of \$13m in the previous year.

End-1986 nickel stocks amounted to 70m lbs, the same level as at a year ago. Total debt rose by \$60m in 1986 to \$950m.

Viag to invest DM 4bn over next 5 years

BY OUR FRANKFURT STAFF

VIAG, the West German energy, aluminium, and chemicals group in which 40 per cent of the shares were privatised last June, plans to make capital investments of about DM 4bn (\$2.2bn) over the next five years.

Mr Werner Lamby, a director of the group, said group profits were expected to total about DM 140m last year against DM 122m in 1985. The dividend will be raised from DM 5 to DM 6 a share.

Viag said gross profits from its shareholdings last year increased from DM 200m to DM 265m, with the energy sector accounting for 76 per cent, aluminium - it owns Verminke Aluminium-Werke - for 17

per cent, and chemicals for 7 per cent.

Turnover in 1986 was slightly down at DM 11.6bn against DM 12.2bn, with energy making up DM 5bn and chemicals DM 5.5bn. Currency changes depressed aluminium and chemicals sales in D-Mark terms, with the energy figure lower as a result of reduced gas prices.

Mr Lamby said that 60 per cent of the proposed capital spending up to and including 1991 would be in the energy division, where it holds stakes in German utilities. A further 30 per cent would be spent on its aluminium activities.

Viag intends to finance most of the investment from its cash flow,

Mission Insurance faces liquidation

BY ANATOLE KALETSKY IN NEW YORK

MISSION INSURANCE, the struggling California insurance company controlled by Mr Carl Lindner's American Financial Corporation, is likely to be liquidated within the next few weeks, following a court request filed on Monday by the California State Insurance Commissioner.

Mission, which specialised in liability and workers' compensation insurance, has been in trouble for more than a year as a result of huge underwriting losses from an unsuccessful move into reinsurance.

It was placed under state conservatorship in October 1985, and its subsidiaries, Mission National Insurance, Enterprise Insurance, and Mission Reinsurance, followed in November.

A financial rehabilitation was approved by the California courts in March last year, but this has been unsuccessful in the face of refusals by reinsurers to make good contested claims.

In September, Mission reported assets of \$161m against liabilities of \$813m. In December, the California Insurance Commissioner filed a suit seeking to recover \$700m in reinsurance claims plus \$500m in punitive damages from 14 reinsurance companies connected with Mission.

If the courts agree to the Insurance Commissioner's request for a liquidation, most of the outstanding claims against Mission will be turned over to the California Insurance Guaranty Association, a government-sponsored fund provided by insurance companies operating in the state.

There are 13,000 claims outstanding against Mission in California and these could increase substantially if the Guaranty Association's assessments on other insurers, which last year totalled only \$58m. It is not clear whether other parts of Mr Lindner's financial empire would also be affected by a liquidation.

American Cyanamid set for sustained growth

BY OUR FINANCIAL STAFF

AMERICAN CYANAMID, the US pharmaceuticals and specialty chemicals group, boosted fourth-quarter profits from \$10.5m or 24 cents a share to \$12.1m or \$1.13. However, last year's profits were depressed by after-tax provisions of \$28.2m or 59 cents a share.

Fourth-quarter sales rose 7 per cent to \$850m from \$800m a year earlier. For the full year, net earnings emerged at \$202.5m or \$4.36, up 57 per cent from the \$129.1m achieved in 1985. Revenues rose 8 per cent last year from \$3.54bn to \$3.82bn.

Mr George Sella, chairman, said he expected sustained growth in the future for the company.

Mr Sella attributed increased

earnings to major gains in operating profits at all four business groups. This, in turn, reflected "new product introductions, continuing cost-reduction programmes and increased volumes in overseas markets, as well as the favourable impact of the weaker US dollar."

The company's medical group lifted operating earnings by 25 per cent last year to \$184m, while profits in the agricultural group rose 86 per cent to \$44.1m.

On the chemicals side, where Cyanamid has been attempting to reduce its dependence on bulk chemicals, the company made operating earnings of \$50.5m, compared with a loss of \$8.1m in 1985. The Shulton consumer products division boosted profits by 28 per cent to \$32.8m.

Chicago doctor bids \$1.7bn for American Medical group

BY ANATOLE KALETSKY IN NEW YORK

AMERICAN Medical International (AMI), the oldest and third largest hospital chain in the US, received an unsolicited \$1.7bn takeover bid yesterday from Dr LeRoy A. Pesch, a Chicago physician and investor who has already acquired control of nearly 100 hospitals and clinics in the US and Switzerland.

AMI, which has initially declined comment on the bid, currently operates 95 hospitals in the US and a further 29 in 11 other countries, including Britain, Switzerland and Saudi Arabia.

It has been subject to takeover speculation for some time as it has continued to be squeezed, along with much of the US hospital industry, between the costs of over-enthusiastic expansion and the pressures of tightening reimbursement procedures by private health insurance providers and the state Medicare system.

The Pesch bid, which offers \$29 in cash for each of AMI's 86.9m outstanding shares, follows a fierce re-trenchment by AMI's present management. In its last fiscal year, end-

ed August 1986, AMI reported a net loss - the first in its 25-year history - of \$97m, after special charges and asset writedowns of \$136m.

Most of the losses related to unsuccessful group health insurance programme, which were wound up last year, but bed occupancy in US hospitals has also been falling and the company announced a 60 per cent cut in its capital investment plans.

In the quarter to November, 1986, AMI made a profit of \$28.6m or 33 cents a share.

IBM to use powerful Inmos chip

BY ALAN GANE IN LONDON

IBM, the world's largest computer manufacturer, is incorporating a special silicon chip developed by Inmos, the troubled semiconductor subsidiary of Thorn EMI, in a new range of powerful personal computers it intends to announce later this year.

The chip is a "colour look-up

table," an electronic palette which makes it possible to "paint" any point on the computer's video screen in any one of 256 separate colour shades. It is a variation of the Inmos "transputer," the UK company's revolutionary computer-on-a-chip.

Mr Douglas Stevenson, Inmos' chief executive, confirmed yesterday that the company was supplying its colour chip to most major manufacturers of computer video monitors, but refused to confirm the IBM chip orders.

He agreed, however, that relations with IBM were "excellent."

All of these securities having been sold, this announcement appears as a matter of record only.

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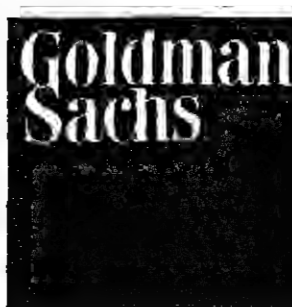
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INTL. COMP. and FINANCE

General Dynamics hit by \$420m Cessna charge

BY WILLIAM HALL IN NEW YORK

GENERAL DYNAMICS, the big US defence contractor which warned last month that it planned to take a \$420m write-off on its 1985 acquisition of Cessna Aircraft, lost \$326.1m or \$7.84 a share in the final quarter of 1986. This reduced its net income for the full year to \$52.5m or \$1.23 a share.

The company earned \$381.1m or \$9.53 a share in 1985. It said that, excluding the effects of the Cessna charge, the company earned \$397.6m or \$9.38 a share in 1986.

In the fourth quarter of 1986 it earned \$85.8m or \$2.11 a share from continuing operations, compared with \$82.2m or \$1.94 a share in the same period of 1985. The group's sales rose 12 per cent in 1986 to \$8.9bn.

Mr Stanley C Pace, General Dynamics' chief executive, said: "Op-

erating earnings at Cessna were above break-even during the fourth quarter, and significantly better than in each of the three previous quarters of 1986.

"While the seasonality of the industry contributed to this improvement, we also believe that the action taken during the quarter in response to the depressed conditions of this market will contribute favourably to 1987 results."

He said that the group's major defence business segments reflected a steady performance and the group's programmes "remain at the heart of US strategic and tactical military planning into the next century."

Higher interest costs depressed fourth quarter net earnings at Lockheed, the US aerospace group, to \$110m or \$1.87 a share, against

\$125m or \$1.98 in the same period last year. Sales rose from \$2.73bn to \$2.86bn.

Increased costs in certain electronics and aircraft modification programmes, cost-sharing on several development programmes and higher interest expense were behind the fall.

Greater Government demand for contractor cost-sharing on increasing investment in new programme development, increasing investment in new technologies and increasing competition for declining national defence spending were "hazards for future profitable growth."

For the full year net profits were little changed at \$408m, or \$6.18 a share, compared with \$401m, or \$6.1 a share. Sales moved up to \$19.27bn.

Asarco returns to the black

BY OUR FINANCIAL STAFF

ASARCO, the US metal mining group, returned to the black in the fourth quarter, earning \$28.2m, or 77 cents a share, compared with a loss of \$24.9m, or \$1.06, last time.

This took the company into profits of \$9.1m for the full year, compared with a loss of \$82.2m, or \$2.87 a share, for 1985, although at the per-share level this time it lost 46 cents after paying preferred dividends of \$21.9m.

Revenues for the quarter fell to \$254.9m from \$308.9m, but for the year they were flat at \$1.1bn, compared with \$1.2bn.

Among the gains included in the latest figures for the quarter and full year were \$14.9m and \$30.9m respectively from the liquidation of

excess metal stocks valued on a last in first out (LIFO) basis.

Asarco said the improvement in results reflected higher earnings and currency gains from associated companies, as well as the increasing impact of the group's cost reduction programme.

Earnings from its equity in associated companies, mainly in Australia and Peru, improved to \$17.4m in the quarter against a loss of \$14.4m last time. For the year, equity earnings were \$20.8m, against a loss of \$10.7m.

Effective changes in the prices of the group's major metals were not significant in the quarter.

At Phelps Dodge, the largest US copper producer, fourth-quarter net

earnings increased to \$10.8m, or 28 cents per share, compared with \$8.6m, or 12 cents, in the corresponding period last year.

For the year, the company's net income more than doubled to \$81.4m, or \$1.79, compared with \$29.5m, or 81 cents, in 1985.

Revenues were down slightly to \$845.9m from \$886.6m in the year, and from \$220.1m to \$208.2m in the quarter. All net figures included gains from tax loss carryforwards.

The company said that New York Commodity Exchange spot price for copper cathodes averaged 59.4 cents in the fourth quarter and 61.6 cents for the year, compared with 61.6 cents and 61 cents, respectively, in the comparable 1985 periods.

Dome future in doubt over debt

BY BERNARD SIMON IN TORONTO

DOMO Petroleum, the Canadian energy producer which is one of the world's biggest corporate debtors, has again seen its future thrown into doubt by the decision of a small Swiss creditor to begin legal proceedings for repayment of a Sfr 50,000 (\$32,798) note.

A Dome official said that the action put the company in default on three issues of its Swiss franc debt. It also gives all other creditors the option to rescind waivers granted last year on the bulk of the com-

pany's interest and principal payments. "The situation has obviously deteriorated," the official said.

Dome owes about C\$8.1bn (US\$4.5bn) to 54 international banks as well as to a number of associate companies and private investors.

The slump in oil and gas prices forced the company last year to ask for waivers on interest and principal payments while it negotiated a complex financial restructuring, involving the conversion of a sizeable

chunk of its debt into securities.

The official declined to give further details on the disgruntled creditor beyond identifying him as a Swiss. The note in question matured last October.

Dome has until February 23 to respond to the Swiss claim, which was lodged in the Zurich commercial court. However, the company has consistently taken a hard line towards recalcitrant creditors. The Dome official said: "I don't think we'll pay him."

Redemption Notice

City of Oslo (Norway)

9% Sinking Fund External Loan Bonds due March 1, 1988

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 1, 1976 under which the above described Bonds were issued, that the City of Oslo has elected to redeem on March 1, 1987, through the operation of the Sinking Fund, all of the Bonds outstanding at the Sinking Fund redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

On March 1, 1987 there will become due and payable upon each Bond the said redemption price, together with interest accrued to the date fixed for redemption. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the Municipal Processing Window, 5th Floor of Citibank, N.A., 111 Wall St., in the Borough of Manhattan, The City of New York and subject to applicable laws and regulations, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan and Paris, and Knechtelbank, S.A. Luxembourg/Brussels in Luxembourg. Payment at the offices of Citibank, N.A. in Europe referred to above will be made by check drawn upon a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

On and after the date fixed for redemption interest on said Bonds will cease to accrue. Coupons due March 1, 1987 should be detached from the Bonds and presented for payment in the usual manner.

For the CITY OF OSLO (NORWAY)
CITIBANK, N.A.
as Fiscal Agent

January 21, 1987

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Fiscal Agent has the correct taxpayer identification number (social security or employer identification number) or Exemption Certificate of the payee. Please furnish a properly completed Form W-9 or Exemption Certificate or equivalent when presenting your Securities.

U.S. \$100,000,000

The Sumitomo Trust Finance (H.K.) Limited

(Incorporated in Hong Kong)

12% Guaranteed Notes Due 1992



NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US \$1,000,000 principal amount of the Notes has been drawn for redemption on 9th March, 1987, at the redemption price of 101% of the principal amount, together with accrued interest to 9th March, 1987. The serial numbers of the Notes drawn for redemption are as follows:—

63	1154	1700	2840	3684	4898	5718	6643	8011	8999	10175	11106	12313	13360	14304	15096	16604	17286	17782	18880
332	1307	1970	2972	3699	5003	5794	6894	8091	9125	10186	11140	12443	13570	14345	15283	16658	17408	17824	19087
347	1310	2033	3025	3768	5166	5874	6997	8152	9188	10307	11155	12461	13679	14404	15308	16667	17428	17950	19137
365	1316	2036	3026	3972	5196	6105	7128	8215	9426	10493	11530	12577	13727	14549	15581	16674	17570	18184	19306
425	1435	2143	3103	4044	5117	6206	7323	8494	9691	10851	11884	12709	13759	14650	15641	16845	17613	18189	19340
504	1480	2327	3152	4428	5274	6316	7359	8481	9721	10573	11810	12800	13869	14672	15681	16895	17626	18294	19526
514	1565	2336	3255	4454	5481	6440	7775	8586	9788	10692	11868	12859	14060	14991	15766	16913	17663	18257	19570
683	1598	2515	3356	4594	5620	6454	7845	8669	9805	10740	11913	13124	14116	15032	15849	17047	17726	18627	19627
698	1698	2518	3482	4668	5644	6644	7980	8713	9843	10829	12011	13185	14132	15045	16358	17138	17736	18638	19760
802	1769	2678	3665	4814	5694	6817	8000	8767	9908	10880	12041	13239	14287	15064	16475	17148	17768	18853	19763

On the 9th March, 1987, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1987 to 9th March, 1987 amounting to US \$33.32 per US \$5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 9th March, 1987 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned thereon. After 9th March, 1987 US \$6,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London,
Fiscal and Principal Paying Agent

4th February, 1987

BONDS WITH WARRANTS • EQUITY WARRANTS • DEBT WARRANTS • FALCONS • INTRODUCTION TO



DUTCH STOCK EXCHANGE OF DUTCH AND FOREIGN COMPANIES • FINANCIAL ADVISERS IN JOINT VENTURES • FINANCIAL ADVISERS IN BID SITUATIONS

GRANTOR UNDERWRITTEN FACILITY • BULLS AND BEARS • COMMERCIAL PAPER PROGRAMMES • RIGHTS ISSUES • SUBORDINATED BEARER BONDS

BEARER BONDS • BEARER NOTES • FLOATING RATE NOTES • GUARANTEED NOTES • CONVERTIBLES

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You don't have to look far for evidence of Amro's flair and versatility in the Guilder Market.

Whatever your international financial need, AMRO can handle it. With reliability and a high degree of flair and imagination. As you can see from the examples of our 1986 deals opposite.

AMRO lead managed the first Guilder denominated Floating Rate Note for Security Pacific; arranged the biggest facility in Commercial Paper for General Electric Plastics, and, for Westland/Utrecht Hypotheekbank, brought the first "bull and bear" issue to the Guilder Market.

De-regulation has given us new found freedom. To compete effectively with the best in the world. And to take advantage of every opportunity for the benefit of our clients. As the evidence clearly proves.



Amsterdam-Rotterdam Bank N.V.

Herengracht 595, Amsterdam, The Netherlands

GRANTOR UNDERWRITTEN FACILITY • BULLS AND BEARS • COMMERCIAL PAPER PROGRAMMES • RIGHTS ISSUES • SUBORDINATED BEARER BONDS

BEARER BONDS • BEARER NOTES • FLOATING RATE NOTES • GUARANTEED NOTES • CONVERTIBLES

This announcement appears as a matter of record only.

December, 1986



U.S. \$300,000,000

Bank of Greece

Eurocommercial Paper Programme

Dealers

Bankers Trust International Limited

Morgan Grenfell & Co. Limited

Salomon Brothers International Limited

Saudi International Bank
AL-BANK AL-SAUDI AL-ALAM LIMITED

Union Bank of Switzerland (Securities) Limited

Co-ordinated by

Salomon Brothers International Limited

Morgan Grenfell & Co. Limited

INTL. COMPANIES and FINANCE

MIM may delay PNG gold flotation

BY STEFAN WAGSTYL, RECENTLY IN PORT MORESBY

MIM HOLDINGS, the Australian mining group, could delay the planned A\$400m (US\$264.6m) flotation of Highlands Gold, its Papua New Guinea exploration interests, because of growing political tension over the issue in the capital, Port Moresby.

The coalition government is divided over whether the float, originally planned for next month, should be postponed until after the general election scheduled to be held in June and July. Mr. Paise Wingti, the Prime Minister, is understood to want a delay. But he is opposed by Sir Julius Chan, the deputy Prime Minister, and by Mr. Paul Torato, Minister for Forests, who this week criticised Mr. Wingti, saying that a delay would be "a very bad precedent" and "detrimental to the future of the country."

The argument has been inflamed by the fact that Sir Julius has hinted that his

People's Progress Party might abandon Mr. Wingti's People's Democratic Movement in favour of a post-election alliance with the opposition Pangu party led by Mr. Michael Somare, the former Prime Minister.

The flotation was due to be discussed at a Cabinet meeting today.

MIM, which was pressing ahead with the issue in order to take advantage of a soaring market in Australian gold shares, is certain to defer to the Papua New Guinea Government's wishes. Mr. Norman Coldham-Fussell, an executive director, said this week: "If the climate is right we will do it. We would like to go when the market is hot. But if it's delayed it's not the end of the world."

MIM intends to offer 40 per cent of Highlands Gold for sale, retaining the rest and management control for itself. The gold company's main asset is a

one-third stake in Forgera, a deposit containing 387 tonnes of gold in the remote Highlands of Papua New Guinea. The other equal partners in what has been hailed as the most important gold discovery since World War Two, are Placer Renison Goldfields Consolidated.

The bulk of the MIM issue is to be reserved for its own shareholders, but about 5 to 10 per cent is being set aside for Papua New Guinea residents. Mr. Wingti's main concern is understood to be to avoid a scandal which surrounded last year's flotation of Placer Pacific by its parent company, Placer Development of Canada.

Sir Julius Chan resisted calls for his resignation after he admitted buying, for himself and associates, more than 800,000 Placer shares, 7 per cent of the stock reserved for Papua New Guineans in the

heavily oversubscribed issue. He made estimated profits of more than A\$1m when the shares leapt from the issue price of A\$1 to A\$2.50.

The Government wants to ensure a more equal distribution of shares in the Highlands Gold issue. It is also concerned that investors should not expect the same instant profits from Highlands Gold, which has only exploration interests, as came from Placer Pacific, an established producer with a stake in the Kidston gold mine in Queensland.

Diplomats in Port Moresby believe that Mr. Wingti may after all allow the flotation to go ahead before the election in return for assurances that the issue will be carefully monitored. Mr. John Kapulua, Minerals and Energy Minister, has been meeting directors of Placer Pacific and Renison as well as MIM to discuss details of the launch.

Siebe plc

has acquired

Robertshaw Controls Company

We acted as financial adviser to Robertshaw Controls Company.

Goldman Sachs

Goldman Sachs International Corp.

November 26, 1986

BHP helps Bell Resources to double profits

BY OUR FINANCIAL STAFF

BELL RESOURCES, Mr. Robert Holmes a Court's energy investment vehicle, more than doubled net profits last year to reach A\$231.38m (US\$153.1m), compared with A\$104.52m for 1985.

The rise largely reflected the adoption of equity accounting, which was credited for A\$75.6m of the earnings gain. The centerpiece of this was its 29 per cent stake in Broken Hill Proprietary (BHP), Australia's biggest company, the board of which Mr. Holmes a Court joined during the period.

BHP contributed A\$1.53bn to

Bell Resources revenue, lifting it to A\$1.71bn from A\$1.067.3m. Other income was also added at A\$28.27m against A\$43.67m.

Net earnings on a per-share basis, however, showed a far more muted advance to 85 cents from 71 cents. This was a result of a trebling in the number of Bell Resources shares in issue and the payment of preference dividends. The annual payout to ordinary shareholders is none the less maintained at 15 cents.

A rise of nearly 34 times was recorded in the interest bill,

Santer, the Australian oil and gas producer, is to raise A\$72m through a one-for-10 rights issue. The shares are to be priced at A\$3, against a closing market level in Sydney yesterday of A\$4.32. The call for funds follows its acquisition of Vamgas, a fellow participant in the Cooper Basin project.

Kenneth Marston, Mining Editor, added: "Pancontinental Mining has sold its 55.4 per cent holding in Pancontinental Petroleum to Charterhall Australia in a A\$10m deal which values Petroleum shares at around 30 cents."

Pancontinental's holding in Petroleum was raised from 47.3 per cent following a share bid last October. Petroleum holders who accepted that bid will now receive a cash payment so that Pancontinental will not make a profit from the on-sale of those shares.

Mr. Tony Grey, chairman of Pancontinental, said the group's 39 per cent-owned Canadian affiliate, Pancontinental Oil, would contribute much more significantly to group profitability in the short and medium term than Pancontinental Petroleum. See Lex

Cap Gemini sees further growth after 43% boost

BY GEORGE GRAHAM IN PARIS

CAP GEMINI Sogeti, the European computer services company, boosted profits by 43 per cent last year to FF1.91bn (US\$285.5m) and expects a further 26 per cent growth to FF2.46bn in 1987.

The company said yesterday that it had outperformed an already strong market, improving its rate of return, and had also continued to grow by acquisition.

Turnover rose by 31 per cent to FF2.91bn, including for the first time the US operations of CGA Computers, which doubled Cap Gemini's activities in North America.

Excluding acquisitions and the effect of exchange rate variations, turnover rose by 22 per cent. Cap Gemini said it expected an overall growth of 24 per cent in turnover this year, of which around a third would come from acquisitions made up

to the end of 1986.

Mr. Daniel Setbon, financial director, said the group had improved its rate of return from 6 per cent of turnover in 1985 to 8.5 per cent last year, and hoped for a further improvement to 6.7 per cent in 1987.

He said Cap Gemini's acquisitions in 1986—including companies in Italy and West Germany—had been financed out of cashflow of FF40m to FF50m and had not touched the FF1.9bn of new capital the company had raised in two stages last year.

The new funds greatly reduced financing charges in 1986 and this year are expected to bring a positive contribution to earnings.

Cap Gemini is by far the largest company quoted on France's second market, with a market capitalisation of more than FF8.8bn.

Tribunal awaits HWT decision on broadcasting

By Bruce Jacques in Sydney

MR RUPERT MURDOCH'S News group has taken another significant step towards control of the Herald and Weekly Times (HWT) following a decision by the Australian Broadcasting Tribunal to adjourn its hearing into the matter until Friday.

The tribunal—which is ostensibly inquiring into whether News Ltd, the holding vehicle for HWT, is foreign-controlled—has adjourned in order to allow the HWT board to consider selling its electronic media interests.

The HWT directors are due to meet on the sale question today and are expected to favour selling all its broadcasting interests to help facilitate the News bid.

Such a sale by HWT would remove practical objections to the Murdoch takeover on the grounds of its US citizenship because it would mean he was not acquiring any electronic media assets.

However, there remains the question of a current technical breach of the tribunal's rules as the News group is already claiming more than 50 per cent control of HWT. But in a statement yesterday the tribunal suggested, with one caveat, that it may be more disposed to consider practical rather than technical matters.

The statement indicated that the tribunal was willing to allow HWT to seek a commercial solution to legal problems created by the Murdoch bid, and acknowledged that the electronic media required strong corporate structures and management.

While warning that it could still act if not satisfied with the disposal, the tribunal said it would delay any decisions until the HWT board had deliberated.

While a clearance from the tribunal would greatly help Mr. Murdoch's cause, John Fairfax, the rival media group which is counter-bidding for HWT, has a number of other legal avenues available in its campaign to force the News group to divest its shares.

Lloyds makes Egypt cuts

BY TONY WALKER IN CAIRO

LYOYDS BANK OF THE UK is scaling down its operations in Egypt because of the depressed business environment.

It is to close its city centre branch in Cairo tomorrow and its Alexandria branch in March. About 20 staff will be made redundant.

Business previously handled by the city and Alexandria branches will be dealt with at Lloyds' head office at Zamalek, a Cairo suburb, which will be the bank's only remaining office in Egypt.

Mr. Ray Seamer, Lloyds' local manager, stressed that the bank was committed to remain in Egypt, but estimated that

its volume of trade financing had dropped by about one-third in the past few years, reflecting foreign currency shortages in the market and government restrictions on imports.

Lloyds has also implemented much tighter credit restrictions on new lending in the light of the poorer business environment in Egypt. Nevertheless, Lloyds and its affiliates maintain an active presence in Egypt. Lloyds Merchant Bank is lead manager of a British-backed £150m credit line made available to the Ministries of Defence and Military Production.

Setback for Century Spinning

BY R. C. MURPHY IN BOMBAY

OPERATING profits of Century Spinning and Manufacturing, a leading member of India's Birla group, fell by a third to Rs 312.2m (US\$4.1m) last year, on a 1 per cent drop in sales to Rs 3.65bn.

The company which produces cotton textiles, paper, cement and heavy chemicals, suffered in part from price controls on cement. Under the country's dual pricing policy, the Government fixes the price periodically

for cement earmarked for its agencies.

Net profits doubled to Rs 139.6m, however. There was no reduction in the corporate tax rate last year. The company plans to pay a dividend of 20 per cent on equity increased by a two-for-three bonus issue last year. This works out to an increase of five percentage points from the 28 per cent for 1985 paid on the earlier equity base.

BANK OF NEW ZEALAND

(a body corporate constituted under the Bank of New Zealand Act 1979) (the "Bank")

NOTICE

to the holders of the outstanding U.S. \$50,000,000 11½ per cent. Capital Notes 1993 of the Bank (the "Notes")

NOTICE IS HEREBY GIVEN to the holders of the Notes that at the adjourned Meeting of such holders convened by the Notice published in the Financial Times on 17th January, 1987 and held on 30th January, 1987 the Extraordinary Resolution set out in such Notice was duly passed. Accordingly, the modifications to the Terms and Conditions of, and the provisions of the Trust Deed constituting, the Notes set out in the Extraordinary Resolution have been made with effect on and from 30th January, 1987 by means of a First Supplemental Trust Deed dated 30th January, 1987.

This Notice is given by:
BANK OF NEW ZEALAND,
BNZ Centre,
1 Willis Street,
Wellington 1,
New Zealand.

Dated 4th February, 1987.

BONDS WITH WARRANTS • EQUITY WARRANTS • DEBT WARRANTS • FALCONS • INTRODUCTION TO

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BEARER BONDS • BEARER NOTES • FLOATING RATE NOTES • GUARANTEED NOTES • CONVERTIBLES

AEGON N.V.
Dfls 200,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 200,000,000 due 1993

NATIONALE-NEDERLANDEN N.V.
Dfls 200,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 200,000,000 due 1993

UNU
nv Vennig Bakt VNU
Dfls 75,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 75,000,000 due 1993

SUZUKI MOTOR CO., LTD.
Dfls 100,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 100,000,000 due 1993

SPORTHUS CENTRUM RECREATIE N.V.
Dfls 150,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 150,000,000 due 1993

REPUBLIC OF AUSTRIA
Dfls 200,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 200,000,000 due 1993

WESTLAND/UTRECHT HYPOTHEEKBANK N.V.
Dfls 200,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 200,000,000 due 1993

NATIONALE-NEDERLANDEN N.V.
Dfls 200,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 200,000,000 due 1993

BELL RESOURCES LTD.
Dfls 200,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 200,000,000 due 1993

REPUBLIC OF FINLAND
Dfls 100,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 100,000,000 due 1993

Bühmann-Tetradon nv
Dfls 250,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 250,000,000 due 1993

SECURITY PACIFIC CORPORATION
Dfls 250,000,000
100% Series A Bonds 1988 due 1993
with 100% Series B Bonds 1988 due 1993
by order of A. B. van der Vliet
Dfls 250,000,000 due 1993

Cowan de Groot expansion moves

BY JANICE WARMAN

Cowan de Groot, the toy importer which has been undergoing a substantial change of direction, yesterday announced an agreed £3.18m bid for International Computer Training and revealed it had built up a 5.97 per cent stake in Loper, the communications group.

Mr Philip Birch, board member and author of Cowan's new policy of diversification, said the company had not seriously focused on a full bid for Loper, as its energy was concentrated on other deals.

But he confirmed that advertising, public relations and media were areas in which the group was interested. The intention was to build Cowan into a broadly-based services and communications group with three main divisions: educational training, advertising, PR and promotion, and financial services.

Mr John Castle, Loper chairman, said he was not concerned at the prospect of a bid from Cowan despite the company's known acquisitive mood.

because it would not be of official move. "But we are always happy to have new shareholders," he said.

Cowan's diversification into consumer services began in April 1986, when it acquired Chart Poulks Lynch, which offers tuition and correspondence courses in banking, law and accountancy.

On Monday, Cowan reported interim pre-tax profits up 13 per cent to £21.26m for the six months to October 31 1986, but anticipated lower second half profits.

Derrick Cowan, chairman of Cowan, said "ICT's expertise and established position in computer training will fit closely with and complement CGL's position in accountancy training."

Cowan is offering seven new shares or 396p cash for every six ICT shares. With Cowan shares unchanged at 85p, the shares offer is worth 75.5p per share.

Loper shares closed a penny up at 151p.

Bestwood chief seeks seat on Buckley's Brewery board

BY JANICE WARMAN

Buckley's Brewery is to hold an extraordinary general meeting on February 27 to consider the request by Mr Tony Cole, chairman of Bestwood Group, the financial and property services group, for a seat on the board.

Bestwood, whose 37.6 per cent stake in the Langhills-based brewer is exceeded only by Whitbread's 27.7 per cent holding, is also seeking the removal from the board of Mr Jasper Clutterbuck, Whitbread's nominee.

The board of Buckley's is recommending shareholders to vote against the resolutions, maintaining that Bestwood's London-based operations had little to do with brewing and selling beer in Wales.

Mr Cole's original request, in December, for representation on the board was met with a letter from Buckley's asking what he could contribute to the company. In reply, Mr Cole served notice on the directors, requesting an extraordinary meeting.

Both sides are confident of victory. Mr Colin Thomas, managing director of Buckley's, said the affair was a distraction and that the board wished to see it resolved as soon as possible.

Mr Cole said: "I am appealing to the small shareholder to vote for me—and judging by this company's track record, they will. I think I would bring some expertise to the board, to bring the company's potential to fruition."

Demerger Two questions decline at L & N subsidiary

BY CLAY HARRIS

Demerger Two, bidding for London and Northern Group, has questioned how the construction, healthcare and energy company would avoid a further decline in profits arising from problems in its UME subsidiary.

L&N needed to act swiftly to spell out what provisions it planned to make as a result of the termination of a management contract at the Al-Qasbi hospital in Sharjah, Demerger said in its latest circular to L&N shareholders.

Demerger also published the names of the co-managers of the syndicate underwriting its \$90m cash alternative, in an effort to rebut L&N's claim that the underwriters had unproven resources.

In reply to the latest document, L&N said that its original objections remained "valid and unanswered. Demerger Two attempts to disguise the implausibility of its proposals by a smokescreen of innuendo."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for last year	Total for this year
Anglo United 2nd int	1	Apr 21	—	—	—
D. Y. Davies	1.75	Mar 27	1.75	—	5.3
West Trade	1.25	Apr 3	1	—	2.5
PSIT	0.8	Apr 1	0.2	—	1.4
Howard Shuttering	2.63	Apr 1	2.24	—	6.5
Unitech	2.63	Apr 1	2.24	—	6.5

Dividends shown per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. †Period covers 17 months to March 1987.

PSIT Property Security Investment Trust p.l.c.

Interim Report

- Increase in profit and dividend.
- Directors anticipate a final dividend of 1.75p (1986 1.5p) per share making a total of 3.0p (1986 2.5p) per share for the year.

6 months to	30.9.86	30.9.85
Unaudited figures	£000's	£000's
Rents from investment properties	4,181	3,622
Profit before tax, dealing and extraordinary items	2,117	1,832
Property and share dealing loss	272	202
Dividend: preference	40	40
ordinary	836	669
Per ordinary share	1.25p	1.0p
Earnings per share	2.7p	2.4p

A copy of the group's 25th anniversary brochure can be obtained from G.H. Canine, Fitcham Park House, Lower Road, Fitcham, Leatherhead, Surrey KT22 5HD.

The Australian Industry Development Corporation

(A statutory corporation, wholly owned and guaranteed by the Commonwealth of Australia)

U.S. \$100,000,000

11% PER CENT NOTES DUE 1990

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, the Corporation will redeem on March 2, 1987 US\$4,000,000 principal amount of the said Notes. A further notice specifying the serial numbers of the Notes called for redemption will be published. Currently outstanding US\$6,000,000.

February 4, 1987
By Citibank N.A. (CSSI Dept.)
London Fiscal Agent

CITIBANK

Hawker continues to build up in US

By David Thomas

Hawker Siddeley, the electrical and mechanical engineering group, has made a cash offer worth \$30.8m (£20m) for Clarostat Manufacturing, a US company based in Dover, New Hampshire.

Clarostat, with annual sales of over \$25m, makes electrical components for a range of markets mainly in the US, including instrumentation, computers, telecommunications, aerospace, and motors.

Hawker said that the acquisition would fit into the growing importance of both its instrument control and US operations within the group.

The acquisition would bring Hawker's total investment through acquisitions in the US since September 1985 to more than \$205m. The group said it was considering other possible acquisitions.

Hawker is making a cash tender for Clarostat at \$74 a share. It has already agreed with shareholders holding about 46 per cent of Clarostat to buy their stake upon the closing of the tender offer.

The completion of the sale depends on Hawker acquiring not less than two-thirds of Clarostat's shares, as required under New York tender law.

Investing in Success continues to reject Australian bidder

"Investing in Success" Equities yesterday continued to advise shareholders not to accept a revised takeover offer from Panfida Capital which now values the investment trust at \$64.1m.

Panfida, a Sydney-based investment vehicle, has raised its interest in IIS to 38.3 per cent with market purchases on Monday which obliged it to raise the minimum cash value of its bid to 970p. Panfida is offering 97 per cent of the trust's formula net asset value, which IIS estimated yesterday at £10.22.

The increased stake held by Panfida and its concert party puts the future of IIS in the hands of two institutions which so far have held on to their shares. London and Manchester Group owns 10 per cent of IIS and Oppenheimer Tactical Investment Fund has 8 per cent.

Most institutions have already sold their shares, but few private shareholders have accepted, according to Mr Roger Noddings, IIS director and investment manager, said yesterday.

The IIS board continued to consider the offer inadequate, but there was no need for shareholders to make an immediate decision.

"Shareholders now have a

free ride for a week to see what the markets will do," he said. "If markets collapse, the 970p is no longer 97 per cent" and thus might look more attractive.

If the Panfida bid lapses, the board proposes to convert IIS into a unit trust, which would preserve 98 per cent of net asset value and not expose private shareholders to capital gains tax, Mr Noddings said.

Panfida, which speaks for sufficient shares to block the plan, has signalled its opposition, but IIS suggests that the concert party might splinter if faced with a stalemate.

IIS shares rose 5p to 973p.

Sharp profits recovery at Howard Shuttering

Howard Shuttering, the London-based plant hire and property development concern, revealed a sharp recovery in taxable profits and earnings per share in the six months to October 31 1986.

On turnover increased from £3.99m to £4.33m, profit before tax more than doubled to £875,000 against £306,000 last time. After tax of £306,000 (£122,500), earnings per 10p share came out substantially

higher at 5.1p (1.6p).

Confirming the confident tone of the chairman's year-end statement, the directors stated that the profits recovery was helped by the decision to close down the formwork and structures operations.

In the light of this development, an EGM is to be held to announce a special resolution to change the company's name to Howard Holdings.

Meat Trade Supplies

Excluding non-recurring losses of £50,000, which include redundancy payments of the Dartington subsidiary last September, taxable profits of Meat Trade Supplies, manufacturer and supplier of sausage casing and butchers equipment, expanded from £70,702 to £116,808 for the six months ended October 3 1986.

Turnover slipped to £3.43m, against £3.63m. From earnings per share up from 1.62p to 2.89p the interim dividend is lifted from 1.5p to 1.75p—last year's final payment was 3.55p from profits of £272,606 (£285,146).

Anglo United picks up in second half

Anglo United, the opencast mining company in which Hilldown Holdings acquired a 29.9 per cent interest in December, made a strong recovery in the second six months and said yesterday that it looked to the future with confidence.

Having fallen by 55 per cent at the six months' stage, profits reached £2.88m (£1.75m) during the second half and lifted the total for the 12 months to October 1986 to £3.36m pre-tax, a slight improvement over the previous year's £3.25m.

The directors regarded the results for the 12 months as very satisfactory in difficult circumstances. With the company's year-end move to March, the present accounting period covers 17 months.

Turnover for the year totalled £15.86m, down from £17.28m (£14.1m) and left net profits virtually unchanged at £1.9m (£1.83m).

Earnings worked through at 2.3p (2.4p) per 20p share and a second interim dividend of 1p gives shareholders a promised 1.5p net. A final will be considered at the appropriate time.

After a disappointing first half, demand from the CEBG has bounced back and Anglo was able just to beat last year's

profits, which represented a substantial return to strength after the end to the miners' strike. Its biggest complaint at present is the £16 per ton royalty imposed by British Coal, which has not failed to reflect lower coal prices; margins have only been improved by stepping up the production of "alienated coal" which carries no royalty payment. Anglo's profits performance has been rather erratic in recent years, which makes the Hilldown stake even more puzzling, but the company is not short of ambition and even if others beat it in the bidding for LCP Fuels, it is likely to make an acquisition in fuel distribution soon. For the current 17 months financial period to March, pre-tax profits look likely to be around £4.5m; on a historic basis the p/e is a hefty 19 on shares up 5p at 44p.

D. Y. Davies

D. Y. Davies, the architects firm which joined the USM last June, yesterday announced a 26 per cent rise in pre-tax profits to £440,000 for the six months to end-October 1986, against a previous £349,000. The comparative figures include the results of D. Y. Davies Associates.

As anticipated in the prospectus, an interim dividend of 1p net will be paid. Earnings per 5p share moved ahead from 4.2p to 5.3p.

National & Provincial

Lending to home buyers—a record £1,418 million.

No queue for mortgages.

Reserves increased to £239 million.

The Board of the National & Provincial Building Society announces that during the year a record £1,418 million was advanced to house buyers. Of this £117 million was lent as additional advances to existing customers, mostly for housing extensions and improvements.

The total number of borrowers exceeded 315,000 for the first time and the total number of investors' accounts was 1,731,000.

We regard the year's performance as excellent, especially so in view of the intense competition. An outstanding feature of our activities was the achievement on lending. In 1986 our lending was increased by 30%.

In the earlier part of the year we did not have problems in lending out money when some other societies were advertising for borrowers. And, towards the end of the year, we did not find ourselves short of funds as most others did.

Throughout the year we had a ready supply of funds consistently available. The result was plenty of customers for us and no queue for mortgages.

This happy state of affairs came about because our cash flow management was good. One of the major factors was our innovative use of the wholesale money markets.

We raised a net amount of £244 million in wholesale funds during the year, of which £200 million came from a floating rate note issue, a method of borrowing that we pioneered.

We are also greatly encouraged by a 10% increase in our lending to first-time buyers. This was predominantly in the latter part of the year and was a direct result of our initiative in offering them a 0.25% discount on mortgages guaranteed until the end of 1987.

The surplus before tax for 1986 rose by £13.0 million to £61.0 million. Net investment was the highest ever at £474 million against £471 million and National & Provincial's assets passed £6 billion for the first time at £6,047 million, up £764 million. The reserves increased by £39.1 million to £238.9 million, the largest increase ever recorded, and the reserve ratio improved further from 3.78% to 3.95%.

Against that background, National & Provincial expects to make further headway against the competition through technology, which will increase operating efficiency, and through a rearranged product range featuring clear, simple, logical and competitive investment accounts.

In addition the society is now offering the services provided by banks whilst retaining building society traditions of quality and friendliness.

OUR BEST EVER YEAR

"We loaned at a rate just under £1,000,000 per working hour throughout the year"



National & Provincial Building Society

REVENUE AND APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1986 (UNAUDITED)

	1986 £ million	1985 £ million
Total income	689.5	638.1
Total expenditure	628.5	590.0
Surplus before taxation	61.0	48.1
Taxation	22.0	17.8
Net surplus transferred to General Reserve	39.1	30.3
General Reserve at end of year	238.9	199.8

	1986 £ million	1985 £ million
Mortgage assets	4,901	4,220
Investments and cash	1,069	989
Fixed and other assets	77	74
Total assets	6,047	5,283

	1986 £ million	1985 £ million
Total advances	1,418	1,090
Net investment receipts (net)	230	209
Net investment receipts (wholesale)	244	262

	1986	1985
CUSTOMER INFORMATION		
Number of new advances	57,875	49,325
Number of further advances for home improvements	27,742	23,714
Size of average advance	£22,475	£20,210
Number of mortgage accounts	315,134	307,264

"This year (1987) marks a new era for building societies. We shall see more change this year than in the last hundred."

"Most of the funds withdrawn for privatisation issues have been returned to us."

"We helped nearly 300 families to build their own homes through self-build housing associations."

"Our computerization programme was completed and processed over 10 million customer transactions."

"Since the merger of Burnley and Provincial Building Societies in 1983 our mortgage lending has increased by 100%."

This advertisement is composed from extracts of the preliminary announcement of results for 1986 and the Annual Review.

If you would like a copy of the publication please write to:

Mr. Steven Robinson, Secretary, National & Provincial Building Society, Provincial House, Bradford, West Yorkshire BD1 1NL.

LAW

War-damaged ship not covered by safe berth warranty

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ATKINS INTERNATIONAL v
ISLAMIC REPUBLIC OF IRAN
SHIPPING LINES

Court of Appeal (Lord Justice Parker, Lord Justice Bingham and Sir Denys Buckley): February 2 1987

A CHARTERER'S warranty to nominate a safe berth cannot be broken before the obligation to nominate arises; and where the obligation is to arise when the ship reaches port, the warranty only covers her movements within port as she enters, remains at and departs from berth, and there is no breach if, on the approach journey, she is struck by a war missile.

The Court of Appeal so held when dismissing an appeal by owners of the motor vessel APJ Trity, from Mr Justice Saville's decision that the charterers had not warranted the safety of the approach voyage to port of discharge.

LORD JUSTICE PARKER said that by a voyage charterparty on an amended Gencom form dated May 5 1983, the ship-owners chartered the APJ Trity to charterers for the carriage of a load of urea.

Clause 1 of the charterparty provided that the vessel should proceed to the loading port stated "in Box 10" and load there, and then proceed to the discharging port stated "in Box 11," and deliver cargo at the freight stated "in Box 13."

Box 10 was filled in, "one or two safe berths Dammam." Box 11 was filled in, "one or two safe berths Bandar Abbas, one or two safe berths Bandar Bushire, one or two safe berths Bandar Khomeini in charterers' option . . ." Box 13 provided for freight, \$15 per metric ton for Bandar Abbas, \$17 for Bandar Bushire and \$23 for Bandar Khomeini.

The vessel was loaded at Dammam and was ordered to Bandar Khomeini for discharge. She proceeded to Bandar Bushire and there joined a convoy for Bandar Khomeini. Shortly after, she was severely damaged by a hostile missile. She was towed back to Bandar Bushire where she was eventually discharged.

Disputes arose between the

owners and charterers. The owners claimed inter alia that in breach of Box 11 Bandar was not arrived when the vessel was struck, and that a berth had not been nominated.

breach of box it bander was an unsafe port. They said that prior to the charterparty the charterers had represented that it was safe to proceed to Bandar Khomeini notwithstanding the existing war between Iran and Iraq.

The arbitrators held that the charterers gave no warranty as to the safety of the discharging port or place to be declared by

That submission was founded on the definition of safe port stated by Lord Justice Sellers in the *Eastern City* [1958] 2 Lloyd's Rep 127, 131 and the House of Lords decision in the *Evia* [No 2] 1983 1 AC 736. There was no support for the for the submission in the definition, nor in the *Evia*.

the contract would subject the vessel to war risks, the owners were entitled to cancel the charter. If they elected to proceed but it appeared that further performance would subject the vessel to war risks, cargo should be discharged at any safe port.

Clause 18 of the charter-party, which was a typed clause, stated that it was understood by the parties that a state of war existed between Iran and Iraq and that it did not affect the vessel's berth assignment to a particular berth, that berth was prospectively safe. The promise could not be broken before the obligation to nominate the berth arose, and thus would not cover the approach voyage.

the reasonable safety of Bandar Abbas. Typed clause 28 provided that in the case of Bandar Abbas and Bandar Bushire, extra war risk insurance should be for owners' account, whereas extra war risk insurance on hull and machinery in case of Bandar Khomeini was to be for charterers' account. Typed clause 29 provided that time lost waiting to join convoy to and from Bandar Khomeini was to count as laytime.

The three possible discharging ports were situated on the Iranian shore of the Gulf. Bandar Abbas was immediately to the north of the Strait of Hormuz; Bandar Bushire was

Journal; Bandar Shauli was about two-thirds of the distance between Bandar Abbas and the head of the Gulf; and Bandar Khomeini was at the head of the Gulf, very close to the border between the warring parties and the main scene of the conflict.

Mr Boyd for the owners submitted that the vessel was one or two named ports.

The owners, subject to their rights under clause 18, had given an unequalled promise to proceed to any one of the three possible ports, and were concerned only that having got there the vessel should be directed to a prospectively safe berth.

Mr. Boyd for the owners submitted that although there was neither an express nor an implied safe port warranty, the express safe berth warranty was as extensive and perhaps more

LORD JUSTICE BINGHAM agreeing, said that the charterers' first obligation under Box 11 was to declare a dis-

charge port on completion of loading. They could declare any of the three named destinations because they were the subject of express agreement.

Their next obligation was to nominate a berth or berths for the vessel within the declared port. It was plain on the express language of the charter that the charterers promised the berths nominated would be prospectively safe.

Subject to two qualifications, a safe berth was one which the vessel could reach, remain at and depart from without, in the absence of abnormal occurrence, being exposed to danger.

The first qualification was that, since the charterers had not promised that the declared port would be safe, the vessel's passage to and from a nominated berth should not be treated as including any part of the voyage to or from the port. It only included movement within the port to and from a nominated berth.

The second qualification was that the charterers' promise should be understood as limited to a promise that the berths nominated would be prospectively safe from risks not affecting the port as a whole, or all the berths in it. To hold otherwise would be to erode what was intended to be a meaningful distinction between berths and ports.

The courts had always refused to distinguish between physical and political unsafety. The charterers' promise must therefore be understood as applying to both, but the unsafety must be particular to the berths nominated and not general to the port as a whole or all the berths in it.

There would be no breach by the charterers if every berth or the port as a whole was prospectively unsafe in the same way and to the same extent. Where that was so, the owners should not have agreed the discharge port in the first place, or the master should have taken advantage of the clauses entitling him to discontinue the voyage.

For the owners: Stewart Boyd QC and Michael Collins (Holman Fenwick and Wilson)

For the charterers: Timothy Young (Middleton Potts and Co).

By Rachel Davies
Barrister

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Landmark Sec	Managed	Managed	on Mar Ordy Rd Pln
67.62	27.5%	100.1%	126.6%
Landmark Sec. Acc	Equity	Shareholder	Flexicorp Prod. Rd. Pln
235.02 229.15	21.2%	107.9%	164.0%

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EUROPEAN OPTIONS EXCHANGES

US bonds close near peak

[illegible][illegible]

BASE LENDING RATES

WILEVER P	FL680	108	6	27	12.50A	-	-	-
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CANADA

Indices

NEW YORK DOWN JONES																			
	Feb 3	Feb 2	Jan 26	Jan 20	Jan 23	Jan 27	1989/87		Share Completion		Feb. 3	Feb. 2	Jan. 30	Jan. 28	High	1986/87	Low		
							High	Low											
Industrials	2,168.45	2,179.70	2,168.94	2,150.81	2,163.38	2,169.46	1163.38	1052.29	1163.38	01/23	AUSTRALIA All Ord. (1/1/88)	1532.5	1488.7	1488.4	1513.5	1555.5 (1/1/87)	1610.8		
							1163.38	1052.29	1163.38	01/23	Swedish S. Minis. (1/1/88)	759.2	751.8	745.9	761.5	766.0 (20/1/87)	481.1 (32/1/87)		
Transport	611.84	611.36	614.58	617.54	615.53	614.93	615.53	616.57	615.53	01/23	AUSTRIA Creditkr Aktien (5/12/84)	265.14	201.87	205.45	212.87	269.84 (26/1/84)	205.14 (5/1/87)		
Utilities	228.45	225.80	224.72	224.81	227.08	225.81	227.83	189.47	227.83	01/23	BELGIUM Brussels SE (1/1/84)	4833.55	4044.51	4044.32	4048.79	4181.58 (8/12)	3788.31 (15/1/87)		
Trading vol	—	—	255.25e	185.65e	192.32e	—	—	—	—	01/23	DENMARK Copenhagen SE (8/1/88)	518.35	217.25	(4)	618.49	250.70 (18/1/84)	188.28 (11/1/1)		
										01/23	FINLAND Unifinas Genl. (1975)	448.8	448.8	448.8	448.8	482.1 (15/1/87)	505.5 (32/1/86)		
Ind. Div. Yield %			3.18		3.23		3.34		4.16										
STANDARD AND POORS																			
	Feb 3	Feb 2	Jan 26	Jan 20	Jan 23	Jan 27	1987		Share Completion		Feb. 3	Feb. 2	Jan. 30	Jan. 28	High	1986/87	Low		
							High	Low											
Industrials	311.11	311.45	308.35	308.40	309.33	307.45	309.33	224.48	309.33	01/18	GERMANY FAZ Aktien (1/12/88)	575.32	596.95	598.75	588.13	735.86 (17/1/84)	676.32 (5/8/87)		
Composite	275.88	276.45	274.24	274.40	273.75	275.49	275.49	222.48	275.49	01/18	COMMERZBANK Commerzbank (1/1/88)	1782.5	1782.5	1788.20	1777.3	227.8 (17/1/84)	1782.5 (17/1/84)		
										01/18	HONG KONG Hang Seng Bank (5/17/84)	2886.56	2585.57	(c)	(c)	914.87 (21/1/87)	1653.84 (12/1/84)		
										01/18	ITALY Banca Comm. Ital. (1978)	704.81	704.85	708.27	705.82	966.29 (33/5)	647.82 (24/1/86)		
										01/18	JAPAN** Nikkei 1864-65	1956.58	2007.2	2004.5	1991.78	2007.2 (1/2/87)	1956.10 (2/1/84)		
										01/18	Tokyo SE New (4/1/86)	1740.77	1789.87	1756.85	1781.75	1785.07 (2/2/87)	1028.86 (21/1/84)		
										01/18	NETHERLANDS ANP/OS General (1978)	288.0	283.5	282.80	289.3	301.8 (6/8)	246.4 (5/8)		
										01/18	NORWAY Oslo SE (1/1/84)	871.02	878.00	870.38	871.69	402.9 (16/1/86)	587.81 (4/8)		
										01/18	SINGAPORE Straits Times (24/1/84)	879.83	867.77	(c)	(c)	873.86 (5/2/87)	583.54 (28/1/84)		
										01/18	SWITZERLAND SIX (1/1/84)	1740.77	1789.87	1756.85	1781.75	1785.07 (2/2/87)	1028.86 (21/1/84)		
Ind. Div. Yield %			2.75		2.81		2.89		3.53										
Ind. P/E Ratio			19.34		18.93		18.35		14.27										
Long Gov Bond Yield			8.92		7.35		7.35		8.25										
N.Y.S.E. ALL COMMON																			
RISKS AND FALLS																			

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng
-------	-------	------	-----	------	------	-------	-------	------	-----	------	------	-------	-------	------	-----	------	------

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CENTRAL Portfolio		1,737.37	1,723.72	1,262.97	1,784.4	1,708.35 (25/1/87)	1,386.8	(22/1)
* Indicates pro-rata figure								
NYSE-Consolidated 1500 Actives								
	Stocks	Change		Stocks	Change			
	Traded	On Day		Traded	On Day			
AT&T	2,319	+ 3/4	Union Carb	2,152,850	25 1/2	+ 1/2		
Texaco	3,255,388	38 1/4	+ 1/4	General CP	2,897,300	25 1/2	+ 1/2	
Gen Sim	3,024,930	13	+ 1/2	Adv Micro	2,850,400	28 1/2	+ 1 1/2	
IBM	2,950,000	13 1/2	+ 1 1/2	Gen Motors	1,895,300	77 1/2	+ 1 1/2	
Adv Int'l	2,297,400	13 1/2	+ 1 1/2	Dis Store	1,707,700	24	- 1/2	
Advanced 881	Business 589							
TOKYO - Most Active Stocks								
Tuesday, February 3, 1987								
	Stocks	Change		Stocks	Change			
	Traded	On Day		Traded	On Day			
Yamaha Steel	258,238	155	+ 2	Inaburg-Hausen	28,810	476	-	
Daewoo Chem	43,350	940	+ 30	Mitsui Eng. & Ship.	18,655	185	- 2	
Marubeni	33,350	255	+ 1	Bankin Gen	18,255	712	- 1	
Yokohama Ind. Poly	20,800	456	+ 13	Yokohama	17,700	356	-	
Sumitomo Bank	20,800	456	+ 13	Toyoko	18,130	448	- 28	
LONDON - Most Active Stocks								
Feb 3, 1987								
	Stocks	Change		Stocks	Change			
	Traded	On Day		Traded	On Day			
Brit Gas	2,000	8 1/2	+ 1	Gen Elect	7,850	218	- 1	
Alfred Lyons	8,700	342	+ 5	Deacons Group	7,850	218	- 5	
ASDA-MFI	2,000	149	+ 1	Deacons	7,400	298	- 1	
Brit Telecom	8,800	123 1/2	+ 3 1/2	Deacons & Sparr	7,850	181	- 2	
Telecom Trust	8,800	123 1/2	+ 1	HSBC	9,000	77	- 1/2	

AMERICAN STANDARD Transportation & building products			ENERGEN Gas utility, energy exploration			LAFARGE Cement			SCIENTIFIC-ATLANTA Cable TV equipment		
Fourth quarter	1986	1985	Fourth quarter	1986	1985	Fourth quarter	1986	1985	Second quarter	1986-87	1985-86
	\$	\$		\$	\$		\$	\$		\$	\$
Revenue	768.7n	754.3n	Revenue	685.1m	621.2m	Revenue	544.2m	522.8m	Revenue	126.1m	114.1m
Net profit	52n	163.7m	Net profit	7.6m	5.1m	Net profit	5.1m	6.5m	Net profit	5.6m	5.6m
Net per share	0.57	11.61	Net per share	0.13	10.70	Net per share	0.10	0.13	Net per share	0.25	0.20
Year			Year			Year			8th months		
Revenue	3n	2.9n	Revenue	2.7m	3.6m	Revenue	965.8m	944.5m	8th months	233.8n	232.1n
Net profit	186.0n	22.1m	Net profit	8.6m	162.6m	Net profit	29m	14.1m	Net profit	8.6m	7.5m
Net per share	5.15	0.50	Net per share	0.17	11.12	Net per share	0.26	0.31	Net per share	0.41	0.34
Loss			Loss								
CAVLISS O'KEEFE Brewing			FPL GROUP Utility holding company			MCGRAW-HILL Business publishing			SHAW-WALKER Furniture		
Third quarter	1986	1985	Fourth quarter	1986	1985	Fourth quarter	1986	1985	Fourth quarter	1986	1985
	\$	\$		\$	\$		\$	\$		\$	\$
Revenue	228.3n	216.6n	Revenue	574.1m	1,035m	Revenue	446.9m	618.5m	Revenue	350.5m	330.7m
Net profit	2.7n	2.7n	Net profit	61.2m	46.5m	Net profit	42m	60.6m	Net profit	33.3m	10.5m
Net per share	0.26	0.10	Net per share	0.63	0.47	Net per share	0.83	0.51	Net per share	0.32	0.22
Year			Year			Year			Year		
Revenue	733.6n	691.3n	Revenue	4,089n	4,355n	Revenue	1,380n	1,690n	Revenue	1,650n	1,525n
Net profit	16.4m	6.8m	Net profit	365.6m	372.3m	Net profit	154m	147.4m	Net profit	156m	55.7m
Net per share	0.63	0.22	Net per share	2.80	2.71	Net per share	3.04	2.88	Net per share	1.66	1.48
DOUGHER INDUSTRIAL Dyeing & electrical equipment			FORT HOWARD PAPER Forest products			NATIONAL DISTILLERS & CHEMICAL Petrochemicals, wine & spirits			SONAT Energy		
Fourth quarter	1986	1986	Fourth quarter	1986	1986	Fourth quarter	1986	1986	Fourth quarter	1986	1985
	\$	\$		\$	\$		\$	\$		\$	\$
Revenue	657.5m	673.7m	Revenue	657.5m	673.7m	Revenue	657.5m	673.7m	Revenue	657.5m	673.7m
Net profit	16.4m	6.8m	Net profit	365.6m	372.3m	Net profit	154m	147.4m	Net profit	156m	55.7m
Net per share	0.63	0.22	Net per share	2.80	2.71	Net per share	3.04	2.88	Net per share	1.66	1.48

.....	19.12	13.89
.....	1.79bn	2.4bn
.....	1985 Qm	2m

[illegible]

IN-DEPTH REPORTING DAILY IN THE FT

Net profit.....	219.2m	142m	Net per share.....	15.81	2.82	Net profit.....	24.5m	22.2m	Op. net per share.....	1.47	0.03
Net per share.....	2.30	1.66	† Loss includes \$318m charge			Net per share.....	3.57	3.16	† Loss		

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HAND DELIV
SERVICE

